The COMMERCIAL and FINANCIAL CHRONICLE

ESTABLISHED 1839

Reg. U. S. Pat. Office

Volume 192 Number 5970 New York 7, N. Y., Thursday, July 21, 1960 Price 50 Cents a Copy

Editorial AS WE SEE IT

Franklin Roosevelt won a large following with his "New Deal." Harry Truman felt the need of some appearance of originality—even if he sought and won the support of the New Dealers—so he came forward with the "Fair Deal." The Democratic Candidate, Mr. Kennedy, evidently believes in the political power of slogans. His is the "New Frontier." He may or may not in time be as well known for this slogan as were Franklin Roosevelt and Harry Truman for theirs. At any rate he is apparently planning to conduct his campaign under this banner, and we are afraid that the notion conveyed or intended to be conveyed by it has no more merit than those of his Democratic predecessors. In fact, when the matter is studied with care, little difference is found in fundamentals between what Mr. Kennedy appears to be planning to employ on his new frontier and the stuff of which the New Deal and Fair Deal were made.

"The problems," he says, "are not all solved and the battles are not all won—and we stand today on the edge of a new frontier—the frontier of the 1960's—a frontier of unknown opportunities and perils—a frontier of unfulfilled hopes and threats. . . . The New Frontier of which I speak is not a set of promises—it is a set of challenges. It sums up not what I intend to offer the American people, but what I intend to ask of them. . . . Beyond that frontier are uncharted areas of science and space, unsolved problems of peace and war, unconquered pockets of ignorance and prejudice, unanswered questions of poverty and surplus. . . . I believe the times demand invention, innovation, imagination, decision." At another point he observes that the "world is changing. The old era is ending. The old ways will not do."

But Not a "New Era"

Of course, Mr. Kennedy and his advisers were wise in the ways of politics to speak of a "New Era." There are probably too many still living who remember the New Era of the 1920's and the dismal aftermath. But the candidate does go all out for (Continued on page 24)

Banking System and Economy Face Credit Pinch in the 1960's

By John T. Masten, *Professor of Economics, University of Kentucky, Lexington, Kentucky*

How will our monetary authorities resolve their concern for growth and employment in the face of a credit pinch in the 1960's? Professor Masten's answer to his question is that resort to devaluation or lowered gold reserves will be used to create larger reserves behind deposits expanded by growing loans and investments—permitting more debt and inflation to solve our debt problem. Bankers are asked to use more wisdom in 1960's than they did in 1950's, when they were in a more favorable position, to meet the greater contingencies ahead than in the past decade and, thus, provide one safeguard against economic catastrophe.

This article has three broad objectives. The first is to consider, in summary fashion, some of the economic changes that have taken place in our economy over the past ten years. The second is to study, in somewhat greater detail, the impact of these events upon American commercial banking. The third is to indicate some of the possible implications of these events for the future. Our decade in question began with a recovery from the 1949 recession and ended with a burst of prosperity tempered by the steel strike in 1959. The decade of the 1950's was one of economic growth and progress and also one of inflation. The decade was marred by the Korean War, the Cold War and by two minor economic recessions. Probably all of these factors are interrelated, yet it would be difficult to conclude that this has not been one of the better periods in American economic history. In these uncertain times, we can only hope that the 1960's will prove as satisfying.

John T. Masten

I

A Decade of Economic Expansion

Measures of our national welfare indicate that substantial gains were made during the decade. Gross national product advanced by 86%, disposable personal income by 75% and industrial production by 64%. The income measures of growth must, however, be deflated to account for a rise of about 22% in the price level. This means that the $222 billion increase in G.N.P. during the decade was equal to only about $135 billion in terms of goods and services. The balance of $87 billion reflects the effect of inflation.

There seems to be no general agreement on the rate at which our economy has grown; it depends partly upon which measure is used and what time period is used. The adjusted rate seems to have been near 3% per year. Some contend that this rate is insufficient and point to higher growth rates for other countries, including the U.S.S.R. It would be most unfortunate if our nation were to embark upon an inflationary "crash" program of expansion simply to achieve a more favorable statistic. This does not mean that growth is undesirable, quite the contrary; the objective of any modern economic system should be in the direction of maximizing economic welfare. The distinction is between production for consumption and investment as opposed to production for the sake of production.

At the beginning of the decade, in 1950, interest rates were low and money was plentiful and cheap. This situation had been aided by the policy of "pegging" interest rates which frequently forced the Federal Reserve System to buy Government securities which, in turn, had the effect of making bank reserves readily available. The banking system, in early 1950, had free reserves of around $1 billion. By the end of 1959, free reserves were negative (net borrowed (Continued on page 22)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 26.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

N. LEONARD JARVIS

Partner, Hayden, Stone & Co., New York City; Members New York Stock Exchange

American Broadcasting-Paramount

Important developments are going on at ABP. A steady and rapid increase in revenues in the ABC division since the merger in 1953 has occurred with billings up from $21 million to $125.6 million in 1959, with ABC's percentage of the total of the three leading networks increasing from 9.3% to 20% last year and to 23% for the first quarter of 1960. This year the company will show another outstanding increase bringing the company to number two position for the television season nationally in the evenings, second only to CBS with broadcasting revenues in 1960 likely to be up another 20%-25%. There is a strong demand for time for the 1960-1961 year and with higher rates being effective for the coming season ABC should record another new record in 1961.

N. Leonard Jarvis

Sustained high ratings continue for such popular television shows as "Maverick," "Cheyenne," "77 Sunset Strip," "The Untouchables," "Real McCoys," "The Donna Reed Show," "The Lawrence Welk Show," "Robert Taylor's Detectives" and "The Rebel." The management has succeeded in selling several new shows, such as "Hongkong" sponsored by Kaiser Industries, Churchill, Saturday Night Fights and The NCAA football games by Gillette, "Flintstones," an animated adult comedy show, and many others.

Last year, ABC acquired Weeki-Wachee Spring, a Florida tourist center and the Prairie Farmer Publishing Company which publishes three leading farm papers serving the Corn Belt and which had previously owned a half interest in WLS radio station in Chicago, the other half already owned by ABC-Paramount. The company also owns interests in Microwave Associates (24%), Technical Operations (21%), and Dynametrics (33%), growing electronic companies producing microwave equipment, radar components and semi-conductors as well as doing research work in industrial and scientific fields. Its Am-Par Record subsidiary ranking amongst the top 10 in the industry, recently acquired Grand Award Records, another profitable company. Foreign television activities are being started and expanded in Central America and Australia re-selling American television programs. On a $500,000 investment in Disneyland, ABC-Paramount recently sold its 35% interest for $7.5 million on the basis of $2 million down and $5.5 million payable in five years yet retaining its profitable food concessions in the park.

In my opinion, cash earnings should exceed $18 million or $4.20 a share this year and net income should be around $2.50 a share against $1.92 a share for 1959, not counting any changes in theatre revenues which, however, may soon resume an upward trend with the war babies now coming up to offset the low birth rate in the depression years. Why is ABC-Paramount selling on a higher price earnings ratio than some other comparable companies? It is probably due to the fact that prospects for earnings gains in the next three-five years appear much more favorable in that earnings perhaps could climb to $5-$6 a share if profit margins are improved and if discount on time rates are drawn closer.

I like the progress this hard working management is making. It looks good to me for the long run.

MURIEL F. SIEBERT

General Partner, Stearns & Co., New York City

Members: New York Stock Exchange American Stock Exchange (Assoc.)

Chance Vought Aircraft Inc.

Chance Vought, selling near working capital, is now the nation's largest producer of mobile homes and has an important stake in data processing—both industrial process control and character sensing (magnetic reading and optical scanning). Chance Vought has been producing aircraft for over 43 years. Realizing that the future of manned aircraft was limited, in 1959 Chance Vought realigned its military divisions and simultaneously embarked on a diversification program.

Muriel F. Siebert

In late 1959, three privately-owned producers of mobile homes were acquired. On a pro-forma basis the new subsidiary, Vought Industries, Inc., had sales of $60 million in 1959, estimated to be 12½% of the nation's total. Mobile homes have a very promising future. In the past decade, production has increased from 46,243 units annually to 148,600 units in 1959. Concomitantly, in 1949 mobile home production was 4.5% of total housing starts, increasing sharply to about 12% in 1959. Vought Industries, Inc., is now the only mobile homes producer which operates on a national scale. Prior earnings are not available. 1960 is a transition period. When the three companies are integrated and duplicated expenses are eliminated, management believes 4% after taxes can be earned. This initial target appears attainable since Guerdon Industries, the second largest producer, carries more than 4% down to net. Based on 1959 volume, Vought Industries, Inc. could earn $2.00 a share after taxes and have a value of $20.00 per share of Chance Vought in about 2 years. The Company has established Crusader Finance to engage in both the wholesale and retail financing of mobile homes.

National Data Processing, a 51% owned subsidiary, probably will be the second company to have optical scanning character sensing machines in commercial operation. N. D. P. is a remarkable small company. It has contracts to install optical scanners in Maison Blanche (a City Stores department store in New Orleans) and Shamrock Oil and Gas. The Federal Reserve Bank contracted for five installations of magnetic check sorters as its initial step in processing checks. N. D. P.'s design has certain unique characteristics. The Company was awarded the contract for the San Francisco unit. The other four systems will be built by IBM, Burroughs, National Cash and Pitney-Bowes-Ferranti Ltd. N. D. P. is supplying some of the magnetic encoders for all of the installations. Character sensing has outstanding potentials. N. D. P. has increased its employees from 16 to 145 in one year. If N. D. P. can penetrate the field and tap a small portion of the potential, this small investment will be worth many times the cost.

Information Systems, Inc., 80% owned, designs and installs industrial process control automation systems. Briefly, the systems scan the manufacturing process at high speeds, record and analyze the data involved, present the information automatically to the operator of the process, and can record this information or can control or operate the process directly. I. S. I. has installed systems this year for Gulf States Utilities (to control power distribution), for Westinghouse (to control steel rolling mill operations) and is building three for duPont. Authoritative sources predict that many chemical, petrochemical, oil production and transmission operations will be automated by systems of this type. The minority portion, 20%, of I. S. I. trades over-the-counter and is currently about $13½. Chance Vought owns about one share of I. S. I. for every outstanding share.

Military activities still furnish the bulk of Chance Vought's sales and earnings. The Company is producing the fourth version of the F8U-2N Crusader carrier-based aircraft. Sales of this aircraft are trending downward. the plane is funded through fiscal 1962, but probably will continue beyond that date. Other military projects include the development and production of an actuator system for the Minuteman.

Chance Vought realigned its military divisions in order to direct its efforts in new areas. Bids have been submitted on several promising projects. Chance Vought was on the winning Boeing team for the **Dyna-Soar**, the only program whereby man controls his flight in space and re-entry to the earth. The Company submitted the bid for the man-carrying portion—estimated to be at least 15% of the total program. Chance Vought appears to be one of the prime candidates for **SLAM** (Supersonic Low Altitude Missile), and the **Missilier**, (the Navy plane designed to carry the Eagle missile). The Company has designed a unique sonobuoy, the Solus, which would have a long life instead of a short life for anti-submarine warfare. While individual military projects cannot be predicted, the Company is highly regarded and should continue to get its share of new business.

Chance Vought's strong financial condition enabled the acquisitions to be made without any dilution. Net current assets exceeded $30 per share at year end 1959. while book value equalled $39.13. The capitalization is simple, consisting of 1,189,390 shares of

Continued on page 8

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

"Special Situations" in Today's Stock Market

By Eldon A. Grimm,* *Vice-President of Walston & Co., Inc., New York City*

Author of a well known market letter bearing his firm's name elucidates on 20 speculative situations half of which he considers worthy candidates for "above average" prospects and the remainder for "honorable mention." In arraying his list, the order of which does not necessarily indicate any preference, Mr. Grimm is not unmindful of the uncertainties in today's market climate and the fact that prices may fluctuate.

Eldon A. Grimm

Today is a difficult time to discuss "special situations" in the stock market. Stock prices have suffered a sharp decline for two straight days now, due mostly to Russian war threats, and their shooting down of American aircraft.

In some ways, I feel like the football coach who has just lost the "Big Game" by a score of 60 to 0. Certainly, I'm not as clever as the dancer who started out with a Canadian penny stock and ran his stake up to $2 million by stock market speculation — and then wrote a book about his escapades.

Indeed, this business of ours represents a hard way to make an easy living. In regard to some of the "glamour stocks" which are quoted at 50 to 60 times earnings, I like to be on the "short" side of the market on various occasions, as well as on the "long" side.

World events are moving as fast as a Minuteman missile. Here at home, the big election is less than four months away. Out of the noise and tumult of the political conventions, there may arise a comparatively young man who will help to lead our nation's economy and purpose to new and greater heights, and to alert us to the gravity of our peril. He may be a Democrat, or he may be a Republican.

What a Democratic Victory Would Mean

If the Democrats are victorious in November, we shall see still easier money—and this should bring about a strong rally in the bond market, and in high-grade preferreds. We should also witness more spending—such as for defense, housing, welfare and pump-priming projects. This could mean some further inflation—and hence a rekindling of interest in "inflation hedge" common stock such as paper shares with big timberland holdings, as well as oils and coppers. All of these are now priced at "recession" levels.

A Democratic conquest might also aid the building material shares and other issues which would benefit from public works.

For perusal purposes, I have selected 10 speculative stocks, plus 12 others for "honorable mention." Obviously, my list is weighted heavily with a flavor of national defense. The reason is that the Communists have taken over one-third of the world in the past 16 years, and the "Red" menace becomes more threatening each day. They have a beach-head only 90 miles from the Florida Keys. We are in a fight for survival.

The military budget is going to increase, no matter which party is in power. If the Democrats are victorious, Senator Symington, a leading advocate of unsurpassed air, missile and space power, will likely have a high post in the government, possibly as Secretary of Defense. Senator Kennedy also has asked for a hike of between $2½ billion and $3 billion in defense outlays.

10 Above Average Prospects

Here are the 10 speculative candidates which appear to enjoy "above average" prospects. I must warn, however, that future price action will depend a great deal on the trend of the stock market, as a whole. If the market dips from here, my selections will also suffer somewhat:

(1) **Boeing Airplane:** Boeing will be considered first for several reasons. Indeed, here is a company that has charged off $165 million, or $20 a share over the past few years in order to develop and build jet airliners. Despite this huge burden, Boeing has still operated at a profit. Last year, earnings of $1.65 a share were reported, and it looks at though 1960 profit could increase to about $2.50 because development expenses on the jet airliners are on the way down now. In the military field, Boeing is famous for B-52 bombers, the solid-fueled Minuteman intercontinental ballistic missile, which can be hauled around the nation on special railroad trains, the Bomarc anti-aircraft missile, Vertol helicopters, and the Dyna-Soar space glider. The latter contract is shared with Martin Co. Boeing stock had a 1957 top of 61 and last year's high was 46½. Probably, "BA" stock could recover to about $40 a share vs. its recent level of about 27¾.

(2) **Grumman Aircraft:** Here is another company which incurred heavy expenditures on a new civilian jet plane, the "Gulfstream." However, these extraordinary expenses are mostly out of the way now, and earnings are headed upward at this time. It looks as though per-share net this year could rise to around $3.25 or $3.50 against $2.24 last year. Results for the first quarter of 1960 climbed to 88 cents a share vs. 48 cents a year ago. Incoming

Continued on page 16

CONTENTS

Articles and News Page

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
CLAUDE D. SEIBERT, Publisher
WILLIAM DANA SEIBERT, President
GEORGE J. MORRISSEY, Editor
Thursday, July 21, 1960

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.)

Other Office: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year; in Dominion of Canada, $68.00 per year; Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $45.00 per year. (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

OBSERVATIONS...

BY A. WILFRED MAY

JOE AND JACK

The "Wall Street" Target—Then and Now

LOS ANGELES — Kennedy *pere* (Joseph P. Kennedy) made his mark during the First 700 Days of Roosevelt in getting the New Deal's epochal securities regulation off the ground. Knowing his way around the tough corners of Wall Street (for example, fresh from participating in a typical pool operation in Libby-Owens-Ford), "Joe" was in a unique position to bring into some kind of harmony the violent opponents and proponents of the drastic reforms legislated under the Securities Act of 1933 and the Securities Exchange Act of 1934. As the first chairman of the administrating agency, the Securities and Exchange Commission, he performed most effectively in setting up the Commission, whipping trading rules into shape, and restoring the capital market—justifying Roosevelt and Moley's daring selection of "this speculator" over the violent objections from the militant John Flynns, along with broad sections of an outraged public.

Furthermore, at his departure (for subsequent Rooseveltian service as Maritime Commission chairman, and Ambassador to the Court of St. James'), Mr. Kennedy had set in motion the SEC's work toward major measures subsequently completed and put into effect; as the segregation of broker and dealer activities, and most notably, the drastic investigation into corporate reorganizations. The latter was a herculean job conducted by William O. Douglas, and finalized under the aegis of the succeeding chairman, James M. Landis.

Point of Departure

This record of reform chalked up by the senior Kennedy took place in an area in which the public had been clamoring for drastic and government action as the result of its having been so badly "Crash"-burned (with a decimation of both dollar values and ethics).

Today, with the long-continued bull market and the policing already achieved, there is certainly little political mileage achievable from attacks on securities practices. J. M. Landis, under whose avid aegis the preliminaries (in the form of a gigantic study made by the Commission pursuant to the Public Utility Holding Company Act of 1935, sec. 300) leading to the Investment Companies Act of 1940, were initiated, is now chairman and general counsel of a leading trade association in that industry, The Association of Mutual Fund Plan Sponsors, Inc.

Again reflecting the change in the surrounding "reform" atmosphere, were the consequences of the so-called Fulbright investigation of the stock market via the open hearings conducted by this Senate sub-committee in March, 1955. Followed by a further price rise of 25%, this show proved a complete political dud—although pleasing to that part of the public enchanted by the flood of glamorized market forecasting, and by authoritative "tips" purchasable at the five-cent price of the daily newspaper.

Wall Street's Changed "Villainy"

Already Mr. *Junior* Kennedy together with the brains-trusting and politics-trusting Los Angeles Platform writers, is shifting the attack on Wall Street from the approach of securities doings to that of the interest rate — with "cheap money" serving as the politically popular slogan. With the Federal Reserve directly responsible for that "burden of Republican high money," of course through the domination of "Wall Street," the private banker will be held "responsible."

Thus, this time "Wall Street" will be attacked as the "hard-money charger," in lieu of his former role as the "peddler of worthless securities."

* * *

The Reserve's Role?

It is in this way that the Federal Reserve's role will appear in the *political* arena. This is not to imply that the monetary policies of Senator Kennedy himself, as shared by his *brain-trusters* as Professors Galbraith and Schlesinger who are on the scene here, represent other than sincerely and deeply held convictions.

There are two crucial points at issue. What are the Nominee's policy aims? To what extent are they limited by the statute together with the administrative and political practicalities?

During his pre-Nomination Primary campaign (in Wisconsin, Oregon and Arizona), Senator Kennedy forthrightly and vigorously spelled out his aims in this area. "The costly tight money policy can and must be reversed. The Board must increase our supply of money by issuing more Government Bills. Reserve requirements must be made flexible for the expansion, and contraction, of bank credit. Open market policies and the discount rate should be more aggressively utilized . . ."

The degree of influence that should, and can, be exerted on this independent agency, has been a matter of continuing controversy over the 47 years of its existence. Even Carter Glass, the apostle of monetary purity who fathered the Reserve Act, realized the need for some compromise—as evidenced in the following:

"While the Federal Reserve Board may never, if it should ever, become so detached and so completely independent of legislative and executive influence as to assume the status of the 'Supreme Court of Banking,' as many eminent bankers have desired, it is certainly to be devoutly wished that it may permanently hold such a high place of appreciation in the confidence and esteem of the country as to make it futile, if not positively dangerous, for political vandals to practice their arts against it. An intelligent and fearless performance of its functions involves as much of sanctity and of consequence to the American people as a like discharge of duty by the Supreme Court of the United States."**

Weighing the "interference" potentialities now, we must realize basically that the Reserve Board is established as one of the independent agencies with the duty to administer the provisions of the statute, with responsibility directly to the Congress—and not to the Executive. The Congress legally can only alter policy through the enactment of new legislation. But this statement is to a great extent only technical. Through its power over the Appropriations-purse, confirmation of appointments and similar ancillary items, it possesses considerable informal control potentials.

And it must be realized that the exit of Lyndon Johnson from the Senate's Majority Leadership to the Vice-President's Office would remove the major brake on Senate irresponsibility — in this as well as most other areas. Also outside the statute-book, (as has already been informally mentioned here) a President of the same party in power possesses the strong patronage whip to keep his Congress in line. And the President, in direct relationship with the Reserve, derives some power, although with delay, from his appointive powers over the Board's Chairman and members, and some of its other officials.

Apart from worry over whether "the Reserve will again become the door-mat of the Treasury," the latter does possess real power over the Board. For example, the cheap-money scuttling famous Treasury-Reserve Accord arrived at under President Truman's second regime, could easily be reversed.

On the other hand, there are still some practical unofficial sanctions against the political ordering of unsound policy, as increased "market" pressure from abroad.

The most succinct, clear and authoritative disclosure of the Nominee's policy intentions, and of his appraisal of the "independence" element, is contained in the

Continued on page 37

**From Carter Glass's *An Adventure in Constructive Finance* (Doubleday, Page and Company, Garden City, N. Y., 1927), p. 250.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The following national summary of general business and financial conditions will appear in the July issue of the Federal Reserve Bulletin.

Most measures of economic activity continued to show little change in June at advanced levels, and commodity prices generally were stable. Industrial production edged down, returning to the March-April level. Nonagricultural employment also declined slightly and, with a rise in the labor force unusually large for June, unemployment increased. Retail sales expanded, approaching the April high. Bank credit and the money supply increased.

Industrial Production

Industrial production was down one point in June to the March-April level of 109% of the 1957 average. Output of materials declined further as durable goods industries continued to reduce inventories of steel and other metals. Over-all production of equipment was reduced by strikes in the aircraft industry, while output of consumer goods rose slightly further.

Production of consumer staples rose again to a new high as output of processed foods and of fuel and lighting increased. Production of apparel also increased further while output of such home goods as furniture, air conditioners, and television sets declined. Auto assemblies rose moderately further. Some decline in assemblies is indicated for July owing partly to work stoppages and to relatively early cutbacks for model changeover. In business equipment lines other than aircraft, additional gains in activity were widespread in June.

Output of iron and steel declined in June. In the second week of July steel mill operations were scheduled at 53% of capacity compared with 61% in June, suggesting a decrease for the month of about seasonal proportions. Output of coal continued to decline in June while production of crude oil and some other nondurable materials increased.

Construction

The value of new construction put in place during June was down slightly to a seasonally adjusted annual rate of $53.4 billion. Outlays for residential and industrial construction changed little but expenditures for other types generally declined. The value of new construction in the second quarter as a whole was about unchanged from the first quarter.

Employment

Seasonally adjusted employment in nonfarm establishments declined slightly in June. Paralleling curtailments in output, employment declined at steel mills and aircraft plants. Meanwhile, there were further gains in employment in service industries and State and local government. Unemployment rose by about one million to 4.4 million reflecting an unusually large increase in the number of teen-agers entering the labor force and a contraseasonal rise among adult job seekers. As a result, the seasonally adjusted rate of unemployment rose to 5.5% of the civilian labor force from 4.9% in May.

Distribution

Seasonally adjusted retail sales rose 1% in June, following a 2% decrease in May from the record high reached in April. Sales of domestically produced autos rose, approaching a 6.5 million annual rate. Sales at apparel and department stores also advanced, while those at appliance and furniture stores declined. In the April-June quarter, total retail sales reached a new high—3% above both the first quarter of this year and the second quarter of last year.

Agriculture

Based on July 1 conditions, crop production was officially forecast at 118% of the 1947-49 average, equaling the record levels of 1958 and 1959. Total livestock production is also expected to be about the same as in 1959.

Commodity Prices

The wholesale commodity price average was stable in June and early July at the level of a year ago. In recent weeks, prices of industrial commodities and of foods and foodstuffs as well have changed little.

Consumer prices increased very slightly further in May. Retail prices of many foods declined but some fresh vegetables rose sharply because of unfavorable weather in preceding months. Prices of services also continued to increase, but there were decreases in prices of new and used autos, gasoline, appliances, and some other nonfood commodities.

Bank Credit and Reserves

Total commercial bank credit increased somewhat in June as a further moderate loan expansion was offset only in part by reductions in holdings of U. S. Government securities. The seasonally adjusted money supply, which had declined sharply in May in association with an unusually large rise in U. S. Government deposits, increased $600 million in June. Seasonally adjusted turnover of demand deposits declined slightly.

Member bank borrowings from the Federal Reserve averaged $435 million and excess reserves $510 million during the four weeks ending July 13. Reserves were supplied principally by an increase of $435 million in System holdings of U. S. Government securities, and were absorbed mainly by an outflow of currency.

Security Markets

Yields on U. S. Government securities continued to decline from mid-June to early July when for most issues they reached new lows for the year. Yields on short-term issues subsequently turned up as the Treasury auctioned $3.5 billion March, 1961 tax bills for cash, and refinanced three-fourths of a $2 billion maturing bill with a new one-year issue.

Yields on corporate and State and local government bonds, meanwhile, have been relatively stable. Common stock prices have declined somewhat.

Bank Clearings for July 16 Week Were 2.6% Above Same Week Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the *Chronicle*, based on telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, July 16, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 2.6% above those for the corresponding week last year. Our preliminary totals stand at $27,288,831,950 against $26,597,808,601 for the same week in 1959. Our comparative summary for the principal

money centers for week ending July 16 were as follows:

	—000's Omitted—		
	1960	1959	%
New York	$14,303,154	$13,105,669	+9.1
Chicago	1,362,296	1,467,359	—7.2
Philadelphia	1,102,000	1,119,000	—1.5
Boston	774,630	765,706	+1.2

Outlook for Auto Steel Good Despite Autodom's Planned Slowdown

Steel magazine looks for steel operations to continue in the mid-50's for the rest of July, to rise in August, and to reach the 70s in September. But any pickup in demand will be quickly reflected in output.

Ingot production last week rebounded from the year's low point of 42.2% of capacity to a slightly more robust 53.1%. Output was about 1,513,000 ingot tons.

Unfortunately, the rising output was not accompanied by significant gains in order entry, the metalworking weekly said.

This week's one bright spot in steelmaking is the rise in the prices of scrap, an important raw material in the production of steel. Historically, scrap prices have been a bellwether of the industry's operating rate. *Steel's* price composite on No. 1 heavy melting steel went up 34 cents to $31.67 a gross ton, the first rise in the market since January.

Steel said the auto steel outlook is good even though August shipments to automakers have been delayed for a week or two, and purchasing agents in the auto industry are telling steelmen that they'll have to wait a little longer for orders.

Decisions to trim auto output are being made because of the inventory situation. About 1 million unsold cars are in dealers' hands or in transit.

Cutbacks will probably be made in September production of new cars — even though it's possible that final runs on 1960 models will be curtailed. One of the Big Three has reportedly cut its preliminary program for third quarter output of 1961 models by 10%. That may well be the pattern for the industry.

Although small tonnages of steel are being shipped to the automakers now, the big orders won't be released until the latter part of next month.

U. S. compact cars are gaining on foreign automobiles, *Steel* commented. It's Detroit editor believes that import sales will never again reach 1959's record 609,539, but cars like Volkswagen and Renault will continue to clean up until U. S. automakers get their smaller models on the market.

The aluminum industry's "Little Three" producers are in the black or expect to be this year, *Steel* reported. The three have annual aluminum making capacities totaling 300,000 tons. The whole industry's capacity is about 2.4 million tons. Several more companies are watching how the "Little Three" are doing and may become primary producers if Anaconda Aluminum Co., Harvey Aluminum Co., and Ormet Corporation are successful in stepping up sales to metalworking.

Conflicting Factors in Steel Industry Outlook

Causes of the current steel slump are deeper than seasonal factors and inventory correction, The *Iron Age* says.

Basic factors behind the low rate of production will keep steel operations at a low rate through the summer and into autumn, the magazine predicts.

Inventory control and the summer letdown are not to be discounted in the market decline. But they have been lengthened and extended by low rate of business among major steel consumers.

And except for the annual pickup of steel buying for the new

Continued on page 39

General Development Corp.

By Dr. Ira U. Cobleigh, Enterprise Economist

A swift account of the successful techniques by which this unique land company converts acreage into convenient, comfortable community living for people in their later, leisure years.

The yearning for land is as old as man himself. Land has, for countless centuries, been man's favorite long term investment. Home ownership has proved one of the basic sources of human contentment, and accumulation of land was the foundation for most of the great fortunes in history. They're still making people but they've stopped making land; so land is in a continuous long term uptrend price-wise, if only its scarcity value is considered.

When, therefore, General Development Corporation prudently acquired vast swaths of Florida land for ultimate resale and development it was operating on solid economic grounds. And because this land was bought right, and located in some of the choicest sections of sunny Florida, our fastest growing state, substantial corporate progress and profitability has seemed assured.

Land Holdings

If your business is the volume selling of land and the building of houses on it, then not just any old tract of land will do. The property must be well located, must have proper elevation, dryness and accessibility and, for retirement living, it should offer the advantages and leisure pleasures of nearness to water. Let's look at the holdings of General Development Corp. and see how extensively and how wisely it has selected its huge acreages with the above qualities in mind.

General Development either owns in fee, holds under mortgage, or has purchase options on, over 185,000 acres of choice Florida terrain. This makes the company not only the largest landowner in Florida but the country's largest community development corporation. The major broad stretches of real estate are in three communities.

The largest is the 92,500 acre tract at Port Charlotte where 70,000 homesites have been sold and 1,800 homes already built. Port Charlotte is on the Southwest Coast of Florida right on the famous Tamiami Trail. It is bordered by 40 miles of picturesque waterfront.

The second land area embraces 36,500 acres at Port St. Lucie. This tract abuts U. S. Highway #1, the most traveled motor artery in Florida, and enjoys a 7-mile frontage on the wandering St. Lucie River. Here 20,000 homesites have been sold and over 230 homes built so far.

The most recent large acquisition was the 45,150 acre section at Port Malabar where an Industrial Park is being developed. Other smaller holdings include acreage at Prupano Beach, Fort Pierce, Sebastian, Vero Beach and Titusville.

Community Development

The point to note about these large scale land developments is that they provide everything Florida has to offer in the way of climate, location, convenience and leisure pleasures. But the company doesn't just sell lots and houses — it builds carefully planned attractively landscaped communities with paved streets, smartly designed functional homes, and areas for shopping centers, churches, schools, recreation and community centers. And, of course, the utilities — electricity, water, sewage disposal, telephone service, are included in the community planning.

So this, then, is the General Development program—first to provide sound and attractive homesites—then to encourage, and arrange for, building thereon and finally to achieve substantial well-rounded communities where those in the later leisure years may enjoy a serene, happy winter free, living comfortably within their means. Actual construction and supervision of development work is done under contract by Mackle Co., perhaps the most experienced home builders in Florida.

Land Buyers

So much for the company, but what about the buyers? Who are they and where do they come from? They come from all over the world, attracted by Florida climate, their natural yearning for land ownership, and the thought that some day they will build their own home. Well over 100,000 people have bought land from General Development. The most popular sized homesite is a plot 80′ x 125′ which generally sells, depending on location, for somewhere between $1,000 and $2,000 and may be paid for, $10 down and $10 a month. Buyers are reached through nationwide advertising, and a franchised group of realtors throughout the country.

A recent survey of these buyers indicates they are for the most part, retirement-minded, and 78% of those questioned indicated that they are planning, in due course, to build on their plots. The average buyer's age is surprisingly low — 46 for men and 45 for women.

Magnitude of Operations

To give you some idea of the magnitude of operations at General Development, about 50,000 homesites and 1,000 homes were sold last year. Lot sales produced gross revenues of $56.7 million, and home sales, $10½ million. This year the corporate stress is on expanded home sales. Instead of selling primarily on the job-site, as in the past, the current home sales program is based on the same techniques that have been so successful in selling land —advertising, direct mail, franchised regional dealers, and specially trained salesmen.

The asset picture at General Development is interesting. There are about 100,000 acres owned free and clear, and over $90 million in contracts receivables. Add to that the growing value of owned utility service properties rapidly expanding to meet surging population demands; substantial home office facilities; a land finance company; Ontario Metal Plating Ltd. holding world-wide rights to a metal chrome plating process; and Chemical Research, a Canadian mineral development company—all these create a broad panorama of valuable assets.

Capitalization and Earnings

Capitalization consists of $43,350,000 in debt followed by 6,277,757 shares of common stock listed on the Toronto and American Stock Exchanges. Investors attracted to General Development have a choice: they can buy the common now selling at 14 or they can buy the 6% debentures due 5/1/75 (convertible into common at the rate of $15.40 per share through April 1, 1964) now selling at 108. The common is an active market performer and many feel it has quite romantic long term potentials.

In 1959 per share net on the common was $1.40, up from $1.07 the year earlier. Last year's gross revenues were $67.24 million. For 1960 gross revenues of around $75 million have been projected, and a per share net moderately above 1959.

Management

Both at the operating and decision making levels management at General Development is regarded as highly competent. Gardner Cowles, President of Cowles Magazines, Inc. is Board Chairman. Frank E. Mackle, Jr., renowned home builder is President. The Board includes Louis Chesler (President of Universal Controls), H. H. Bassett, Chairman of the Executive Committee of the First National Bank of Miami, and Gabriel Hauge, Chairman of the Finance Committee of Manufacturers Trust Co., New York.

There are 16,000,000 people in America today, 65 or older. Hundreds of thousands of them are retired, or about to be, and eagerly shopping for homes in balmy, congenial retirement communities. General Development stands ready to serve them not only with the happy prospect of land and home ownership in Florida, but in due course in other friendly climates as well—California, the Southwest and the Bahamas. Both for home seekers and for stock-minded investors, General Development Corp. appears to offer some interesting and unusual values.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The market for tax exempt bonds has had a better tone throughout the past week. Generally speaking, the markets for all debt securities have been improved with the leadership, almost unfaltering, deriving from Treasury bill and bond issues. With member bank free reserves greater than in recent years, the demand for bills has been steady. With the Treasury apparently facing little difficulty in providing for the $9.6 billion Aug. 15 maturity, since less than $4 billion is held by the public, the market seems likely to show further improvement.

Interest Rate Manipulation Not So Easy

In connection with the market for Treasury securities, it is interesting to note the contrasting implications as between the Democrat platform and its spending-growth philosophy, and the featuring in today's headlines by the President of his billion dollar surplus for the current fiscal year. These decidedly antithetical viewpoints seem not disturbing to the current bond market. From a longer term viewpoint, however, a return to a lower rate interest structure seems by no means assured. The power of interest rate manipulation appears still very much open to question.

We have repeatedly called attention to the resistance of investors to purchase tax exempt bonds at the rising levels that have prevailed during the past few months. This general reluctance has been reasonable and substantiated by technical market factors. Moreover, it has enabled investors to buy bonds in a "buyers market" atmosphere during a good part of the period.

Municipal Market in Good Technical Position

Now the technical factors are beginning to change, temporarily at least. The free reserve situation has set up a very favorable leadership in the government issues. The heavy volume of state and municipal new issue financing that presented some problem during June has subsided for the present and may continue moderately light during August. With this pressure temporarily off the market, inroads are being made in the extraordinarily large volume of secondary market holdings on dealers' shelves.

The total of state and municipal bonds as shown in the "Blue List" has recently been over $460 million. As reported on July 20, the total is down to $418,812,200. This change, although not conclusive, indicates that the market may soon have reached a point of more active strength—such as the government markets have been recently experiencing. The rise in municipals has been more passive than active, largely reflecting the strength in government securities. Municipals now seem closer to going it on their own.

Yield Index Lower

The Commercial and Financial Chronicle's state and municipal bond yield index again indicates a slight market rise. The average yield a week ago was 3.408%. On July 20 the average yield was 3.396%, which represents a market betterment of about one-eighth of a point, in the high grade category of secondary offerings.

The $27,062,000 Nassau County, New York issue bought by the Chase Manhattan Bank group last week and briefly mentioned here as a sell out, marked a slight change in approaching large new issues. The issue was priced to the market and investor interest was quick to respond. Those relatively few bonds not placed with investors were quick to be marked up from one-half to one point. This issue brought latent investor interest into the market that has since helped clean up the secondary market to more manageable proportions.

Recent Financing

Our two largest underwritings this week involved the northwest part of the country. On July 19 the City of Eugene, Ore., offered $25,500,000 (1965-2004) Electric Utility Revenue bonds at competitive bidding. This issue will defray the cost of building the Carmen-Smith Hydroelectric project on the McKenzie River which will expand the system, thus enabling future growth. The high bid was made by a group headed by Blyth & Company, Inc., Halsey, Stuart & Company, Inc., First Boston Corporation, Lehman Brothers, Drexel & Company, which included nation wide membership. The bonds were reoffered to yield from 3.10% to 4.30%. A good investors reception was generated and only $6 million of bonds remain in account yesterday morning. The close runner-up bid was made by the F. S. Smithers & Company group.

The other northwest issue, $30 million Washington Toll Bridge Authority Second Lake Washington Toll Bridge Revenue Bonds, was bid for yesterday. Two large groups had been formed to compete for this authority (a public agency of the State of Washington) offering but, due to underwriting difficulties, these groups merged and made a joint bid naming a 4.90% interest rate for the term callable bonds due Jan. 1, 2000. The group is jointly managed by Blyth & Company Inc. and Smith, Barney & Company and includes Lehman Brothers, A. C. Allyn & Company, Shields & Company, Eastman Dillon, Union Securities Corporation and many others. The offering is being made at par.

The State of California came to market on Tuesday with a $3 million issue of general obligation harbor bonds (1965-1984) previously offered but for which bids were refused. The State did better this time and awarded the bonds to Ira Haupt & Company, who reoffered them at prices yielding from 3.00% to 3.70%.

Also on Tuesday, July 19, Albuquerque, N. Mex., awarded $4,980,000 water general obligation (1961-1980) bonds to the group headed by John Nuveen & Company, Paine, Webber, Jackson & Curtis, Weeden & Company and others. Yields ran from 2.75% to 4.00% in 1978. The 1979 and 1980 maturities were not reoffered. The issue went well with investors. A small issue of $450,000 Albuquerque street improvement general obligation (1961-1965) bonds was bought by the Chase Manhattan Bank group and reoffered at prices to yield from 2.35% to 3.30%.

On the same day, $2,925,000 Erie County, Pa., Institutional District general obligation (1961-1990) bonds were sold to the group headed by Halsey, Stuart & Company, Merrill Lynch, Pierce, Fenner & Smith, Ira Haupt & Company, Butcher & Sherrerd and including others. Priced to yield 2.20% to 3.65% the issue met with good investor reception.

Short-term municipal obligations are fetching bids reflecting the increased demand for this type of tax exempt paper. The New York City Housing Authority awarded $45,870,000 notes on a 2.046% annual net interest cost. Not many weeks ago the rate would have been in excess of 3.00%.

The Smith, Barney & Company Turnpike Bonds Yield Index has remained unchanged for the last two reporting periods. The last figure was 3.93% on July 14. Some improvement since then has been noted.

Chesapeake Bays Nearer to Market

The flotation of $200 million Chesapeake Bay Bridge and Tunnel District bonds continues to be imminent. The underwriters are attempting to bring the issue to market within the next few weeks. Details may be forthcoming later this week. This is the only large negotiation now appearing close to market.

Low Volume Suggests Higher Prices

Thus far the only two large issues scheduled for bids through August are $10,525,000 Houston, Texas serial bonds on July 27 and $34,000,000 State of Washinton serial bonds set for Aug. 23. There will be others but volume during this period is traditionally light. Higher prices appear likely.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.85%	3.70%
Connecticut (State)	3¾%	1980-1982	3.45%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.35%	3.25%
New York (State)	3%	1978-1979	3.15%	3.05%
Pennsylvania (State)	3⅜%	1974-1975	3.15%	3.05%
Vermont (State)	3⅛%	1978-1979	3.15%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.30%
Los Angeles, Calif.	3¾%	1978-1980	3.80%	3.70%
Baltimore, Md.	3¼%	1980	3.45%	3.35%
Cincinnati, Ohio	3½%	1980	3.40%	3.30%
New Orleans, La.	3¼%	1979	3.60%	3.50%
Chicago, Ill.	3¼%	1977	3.75%	3.60%
New York City, N. Y.	3%	1980	4.00%	3.95%

July 20, 1960 Index = 3.396%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

July 21 (Thursday)			
Birdville Ind. School Dist., Texas	1,000,000	1964-1990	8:00 p.m.
Davis & Salt Lake Counties Sewer District, Utah	1,750,000	1963-1990	8:00 p.m.
Edina-Morningside Ind. Sch. Dist. No. 273, Minnesota	2,000,000	1963-1990	8:00 p.m.
Westbrook, Maine	1,000,000	1961-1980	Noon
July 22 (Friday)			
Carlsbad, New Mexico	1,950,000	1961-1970	3:00 p.m.
July 25 (Monday)			
Jurupa Community Services District Improvement District, Calif.	1,550,000	1964-1985	8:30 p.m.
July 26 (Tuesday)			
Alhambra City School Dist., Calif.	1,000,000	1961-1979	9:00 a.m.
Andalusia Housing Auth., Alabama	1,175,000	1961-2000	Noon
DeKalb County, Georgia	2,200,000	1962-1990	1:00 p.m.
El Paso Co. Sch. Dist., No. 12, Colo.	1,400,000	1961-1980	3:00 p.m.
Florida St. Bd. of Education, Fla.	7,770,000	1962-1981	9:30 a.m.
Lake County Special Tax School District No. 1, Florida	5,600,000	1962-1979	11:00 a.m.
Milwaukee County, Wisconsin	6,000,000	1961-1989	11:00 a.m.
Newport Beach School Dist., Calif.	1,645,000	1961-1980	11:00 a.m.
Thibodaux, Louisiana	1,500,000	1963-1990	3:00 p.m.
July 27 (Wednesday)			
Assumption Parish S. D. No. 1, La.	1,400,000	1963-1985	2:00 p.m.
Houston, Texas	10,525,000	1961-1985	10:00 a.m.
Maryland State Road Comm., Md.	1,684,000	1961-1975	11:00 a.m.
July 28 (Thursday)			
Delaware Co., Pennsylvania	5,150,000	1961-1990	2:00 p.m.
Delaware Co., Institution District, Pennsylvania	3,150,000	1961-1990	2:00 p.m.
Jamesville, Wisconsin	1,810,000	1981-1980	11:00 a.m.
Tucson, Arizona	2,310,000	1962-1981	10:00 a.m.
Tyler Indep. School Dist., Texas	1,500,000	1962-1978	7:30 p.m.
July 29 (Friday)			
Farmington School District, Mich.	1,500,000	1962-1986	8:00 p.m.
Aug. 1 (Monday)			
Seattle, Washington	4,500,000	1962-1980	10:00 a.m.
Aug. 2 (Tuesday)			
Boston, Massachusetts	1,500,000	1961-1975	Noon
*Chesapeake Bay Bridge and Tunnel District, Va.	200,000,000	2000	--------
*Negotiated underwriting to be handled by The First Boston Corp., Allen & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., Willis, Kenny & Ayres, Inc.			
Everett, Washington	2,700,000	--------	11:30 a.m.
Hartford, Connecticut	1,805,000	--------	Noon
Mississippi	3,000,000	1964-1994	10:00 a.m.
Aug. 3 (Wednesday)			
Cadillac, Michigan	1,170,000	1963-1990	7:30 p.m.
Wichita School Dist. No. 1, Kansas	2,500,000	1961-1980	9:00 a.m.
Aug. 9 (Tuesday)			
Los Angeles County, California	11,200,000	--------	--------
New Ulm Independent School District No. 83, Minnesota	1,100,000	1963-1980	2:00 p.m.
Aug. 10 (Wednesday)			
Terrebonne Parish, Louisiana	1,300,000	1961-1980	10:00 a.m.
Aug. 15 (Monday)			
Tri-Cities Mun. Water Dist., Calif.	3,000,000	1963-1990	7:30 p.m.
Aug. 23 (Tuesday)			
Iberville Parish, Louisiana	1,000,000	1962-1985	2:30 a.m.
San Mateo Jr. College Dist., Calif.	5,900,000	--------	--------
Washington	34,000,000		
Sept. 8 (Thursday)			
Los Angeles, California	4,000,000	--------	10:00 a.m.
Sept. 14 (Wednesday)			
Greenwood Metro. Sewer District, South Carolina	1,600,000	--------	--------
Oct. 5 (Wednesday)			
Los Angeles Department of Water and Power, Calif.	12,000,000	--------	--------
Oct. 18 (Tuesday)			
Los Angeles Co. Flood Control District, California	10,000,,000	--------	--------
Nov. 15 (Tuesday)			
Los Angeles City Harbor District, California	12,000,000	--------	--------
Dec. 13 (Tuesday)			
Los Angeles County Hospital Dist. California	7,000,000	--------	--------

The Issue of Vigorous Growth Versus Price Level Stability

By Paul W. McCracken, The University of Michigan*

Does creeping inflation pose a threat to the economy's vitality in the long pull? Dr. McCracken uncovers evidence pointing in both directions and, therefore, concludes concern about a rising price level justifies reducing casual factors responsible for it. From his review of leading explanations for the phenomenon, the former member of the Council of Economic Advisors notes that its source is multi-dimensional in character and he submits several suggestions "to reduce the polarity of views on this matter enough to move forward on policy." In some of his comments he lectures on the uselessness of escalation clauses to protect savings, wages, etc., rebukes those businessmen and economists who have developed a state of mind that finds price competition archaic; and inquires whether proposals to hold hearings on a price increase request might accelerate rather than limit price rises.

During recent years the nation has been engaged in a Great Debate on the relationship between economic growth and a stable price level. Two positions have stood out very sharply in this controversy. There is, on the one hand, the view that a reasonably stable price level is an essential condition for realizing the full ongoing productive potential of our economy. In his Economic Report transmitted to the Congress in January, 1959, the President said that "an indispensable condition for achieving vigorous and continuing economic growth is firm confidence that the value of the dollar will be reasonably stable in the years ahead."[1] The Chairman of the Federal Reserve Board, in a communication to Senator Douglas last December, took the same position:

Dr. P. W. McCracken

"My interest in a monetary policy directed toward a dollar of stable value is not based on the feeling that price stability is a more important national objective than either maximum sustainable growth or a high level of employment, but rather on the reasoned conclusion that the objective of price stability is an essential prerequisite to their achievement."[2]

The other position is that stability of the price level and measures to achieve it have been given too high a priority in national economic policy during recent years. Some among this group hold that we cannot have a stable price level without keeping an unnecessarily large proportion of our productive resources unemployed, and this is price stability purchased at too great a cost. The most effective exponent of this point of view has been the late Professor Sumner H. Slichter of Harvard. In his last major statement on this matter, before the Joint Economic Committee on March 20, 1959, he questioned whether we would find any "way of reconciling maximum growth with a stable price level," concluding that "in any event, reconciliation of the two objectives will take time. . . ."[3] Dag Hammarskjold, in his address last July, opening the Economic and Social Council's discussion of the world economic situation, expressed the view that price stability was being excessively emphasized in industrial nations. "No one, he said, "surely, will feel that price stability has been well won if the cost turns out to be economic stagnation—albeit stagnation at a high level."[4]

For others a high priority assigned to a stable price level seems misplaced because they feel that there has been a tendency to exaggerate the propensity to inflation in the modern economy. The Joint Economic Committee begins its own report on Employment, Growth, and Price Levels with this sentence:

"A high and stable rate of employment, a high rate of growth in our national output and productive capacity, and a high degree of stability in the general level of prices can be simultaneously achieved."[5]

The Committee does, however, suggest that if this is to be achieved the inflationary bias of the economy must be reduced.[6]

Now Great Debates are a healthy thing. Americans usually have at least one or two going at white heat, and the dialectical temperature of this one has been at least up to par. These Great Debates are a means by which a democracy can minimize those major mistakes of policy that totalitarian governments find very difficult to avoid. This one, however, has had its less happy aspect; for we have had that polarization of views that makes it extremely difficult to achieve the minimal concensus essential for moving policy forward.

There are, it seems to me, at least three separable questions that should be delineated and argued out seriatim. First, would creeping inflation adversely affect economic growth and the orderly functioning of our economy? Second, does the modern economy have much of an inflationary bias? Third, what can be done to strengthen the resistance of the economy to inflation?

I
Does Inflation Help or Hinder Growth?

Is a stable price level an essential condition for sustained and vigorous economic growth and orderly economic processes generally? A strong case can be made that it is not, or at least that the deleterious effects of creeping inflation have been greatly overdrawn. Internationally there seems to be no very close correlation between postwar gains in output and increases in the price level.[7] Austria is an example of a country with a high rate of growth and a relatively large increase in the price level. Switzerland's price level has been relatively quite stable, but its gain in output has exceeded that of many countries whose price level has increased more rapidly. Norway, for example, whose price level from 1949-58 rose at the average rate of 5.4% per year had an annual gain in output of only 2.5% — substantially below that of Switzerland.

Moreover, for all of the discussion about inequities arising from inflation, they are surprisingly hard to identify. People whose pensions were accumulated at the prewar price level and who have had to live on these pensions in the postwar period come at once to mind; but even here there are offsets—e.g., the increased prices of their houses, or of their common stocks. Those on public assistance and on unemployment compensation apparently also have been disadvantaged by the postwar doubling of the price level.[8] But if the scope of these inequities is limited to those that have been clearly identified their alleviation should not pose insuperable problems.

And the evidence indicates a tendency for consumers to curtail their buying plans if they expect the price level to rise.[9] Thus the spending reaction of consumers to inflation has tended to restrain further increases in the price level, not to accelerate it. The response mechanism among consumers has been to provide an automatic stabilizer.

A policy of embracing or at least acquiescing in creeping inflation does, however, have its less reassuring aspects. While the evidence is quite clear that consumer reactions to the expectation of rising prices have been on the favorable (i. e., stabilizing) side, reactions can change. And a growing proportion of Americans now expect rising prices not only in the short-run, but also for several years ahead.[10] Moreover, the expectation of price increases has a socially disorganizing effect. People still resent them even if their incomes also rise, since these income changes tend to be regarded as merit increases, whose purchasing power is being eroded by higher prices.

Creeping Inflation Doesn't Creep

Second, while there seems to be little likelihood of anything like a galloping inflation in this country, it is reasonable to suppose that acceptance of creeping inflation would tend to accelerate the creep. The same over-reaching forces giving us a slowly rising price level when our target is stability would, in all probability, also cause us to over-reach our target when that target is a price level only slowly rising.

Third, the use of escalation to minimize inequities is not the easy solution to this problem that it seems to be. In a fully escalated economy each wage or price would automatically change for any change in the general price level; and only changes in a wage or price different from the change in the general price level would have significance. But this is precisely what we have in a condition where the general price level is stable, with changes in individual prices (including wages) reflecting shifts in market forces. In short, acceptance of creeping inflation would inevitably create pressures for more generalized escalation, but the more general it became, the less useful it would be. It is not difficult to understand that countries which have utilized escalation most extensively have been backing away from it.[11]

Fourth, we can no longer be unconcerned about our competitive position in international markets. Recent developments in our external transactions are encouraging, but it would be premature to assume that they are back in balance. To some extent recent improvements reflect essentially nonrecurring factors — e.g., exceptionally large exports of cotton, and large deliveries of civilian jet aircraft. The domestic purchasing power of many currencies (e.g., the pound, mark, or yen) is considerably greater than their dollar equivalent, at current exchange rates, would imply. Low air fares and rising incomes will make it possible for growing numbers in this country to take advantage of these low domestic price levels abroad, which will be equivalent to an increase in our imports. And prospects for reasonably stable price-cost levels are at least as promising in many other countries as they are in the U. S.

Escalation Clauses Provide No Protection

Finally, the lessons of experience concerning the relationship between creeping inflation and economic growth do not ineluctably suggest that for the long pull we could grow more rapidly by accepting a persistent upward trend in the price level. Clearly this would impede the orderly channelling of savings into capital formation by creating distortions in the capital markets. Escalated savings bonds, for example, would produce pressures for similar protection of savings deposits, life insurance, and savings and loan shares. This, however, could only be done if assets of these institutions were also escalated. But these interest-earning assets are the liabilities of others — e.g., mortgages, or corporate bonds. In

Continued on page 24

1 Economic Report of the President, January 1959, p. V.

2 Hearings, January 1960, Economic Report of the President, Joint Economic Committee (79th Congress), February 2, 1960, pp. 169-70.

3 Hearings, "Employment, Growth, and Price Levels," March 20, 1959, (79th Congress), p. 11.

4 *New York Times*, July 7, 1959, p. 43.

5 "Employment, Growth and Price Levels," Report of the Joint Economic Committee (Report 1043, 86th Congress, 2nd Session), January 26, 1960, p. 1.

6 *Ibid*, p. 3.

7 Mark W. Leiserson, "A Brief Interpretive Study of Wage-Price Problems in Europe," Joint Economic Committee (86th Congress, 1st Session), December 11, 1959.

8 Cf. Seymour E. Harris, "The Incidence of Inflation: Or Who Gets Hurt," Joint Economic Committee (86th Congress, 1st Session), Study Paper 7, November 26, 1959.

9 Cf. George Katona, "The Powerful Consumer" (New York: McGraw-Hill, 1960), pp. 192-211. Also Eva Mueller, "Consumer Reaction to Inflation," *Quarterly Journal of Economics*, May 1959, pp. 246-62.

10 George Katona, *op. cit.*, p. 198.

11 *Monthly Review*, Federal Reserve Bank of New York, June 1959, pp. 88-9.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Automated Teaching — Review— McDonnell & Co. Incorporated, 120 Broadway, New York 5, N. Y. Also available is a memorandum on **Sanborn Co.**

Bank Stocks — 113th consecutive quarterly comparison of leading banks and trust companies of the United States — New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Canadian Capital Investment— Review — Bank of Nova Scotia, Toronto, Ont., Canada.

Canadian Oil Stocks — Memorandum—Jackson, McFayden Securities Limited, 11 Adelaide Street, West, Toronto 1, Ont., Canada.

Chemical & Pharmaceutical Industry — Comparative figures— Smith, Barney & Co., 20 Broad Street, New York 5, N. Y.

Consumer Electronics — Review— Electronics Investment Management Corporation, 1400 Fifth Avenue, San Diego 1, Calif.

Defense Leadership Companies— Survey—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. Also available is a memorandum on **Warner Bros.**

Europe Today — Review — First National City Bank of New York, 55 Wall Street, New York 15, N. Y.

Fire Casualty Insurance Companies—Review of 10 companies —J. A. Hogle & Co., 40 Wall St., New York 5, N. Y.

Food Chains—Discussion in "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. Also in the same issue are reviews of **Cummins Engine Company, Beatrice Foods Company, Associated Dry Goods Corp., Torrington Manufacturing Company, Harris Intertype Corp., Dover Corp., Indiana General Corp. and Singer Manufacturing Company.**

Fortunes of Four Turnpikes (Pennsylvania, Ohio West Virginia and Kentucky)—Discussion in "Business Review" — Federal Reserve Bank of Cleveland, Cleveland, Ohio. Also in the same issue is a review of the rate of **Industrial Production.**

Gross National Product—Discussion—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Growth Without Inflation—Business in the Intermountain Region —First Security Bank of Utah, Salt Lake City, Utah.

Japanese Cotton Spinning Industry—Analysis in July "Investor's Digest"—Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue is an outline of revised Japanese **Foreign Investment Regulations** and a review of the Tokyo Stock Market. Also available are reports on **Taisei Construction Co., Ltd. and Toyo Toki Co. Ltd.**

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a discussion of the new administrative amendment to the foreign investment law of Japan and analyses of **Sony, Mitsui Bussan, Fuji Electric Manufacturing, Nippon Steel Tube, Isuzu Motor, Toyo Rayon, Toyota Motor, Mitsui Chemical Industry, and Kirin Breweries.**

Japanese Stock Market — Survey of political and social aspects affecting it—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

Market Outlook — Bulletin— Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Market Outlook—Review— F. S. Moseley & Co., 50 Congress St., Boston 2, Mass. Also available is a memorandum on **Decca.**

New York City Bank Stocks — Mid-year earnings comparison of leading banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Outlook for the Railroad Industry —In the July issue of "Exchange" — The Exchange Magazine, 11 Wall St., New York 5, N. Y. — 20 cents per copy, $1.50 per year. Also in the July issue are articles on **Public Utility Regulation, Stock Market in Election Year,** and data on **First Charter Financial Corp., Borman Food Stores, Inc., Carlisle Corp., Earle M. Jorgensen Co.,** and **Raymond International, Inc.**

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Oxygen in the Steel Industry — Analysis of five year outlook— Jesup & Lamont, 26 Broadway, New York 4, N. Y. Also available is a memorandum on **California Financial.**

Pay Television — Review — L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available in a memorandum on **South Carolina Electric & Gas.**

Telephone & Electric Utilities — Bulletin — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are memoranda on **Allied Laboratories** and **Information Systems. Inc.**

Treasury Financing—Review—C. F. Childs and Company, Inc., 1 Wall St., New York 5, N. Y.

Trucking Industry — Report — Bateman, Eichler & Co., 453 South Spring St., Los Angeles 13, Calif.

Utility Growth Stocks—Analytical brochure—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a review of comparative data on **Electric Utility Companies** and reports on **Copeland Refrigeration Corp., Pillsbury Co., Resistoflex Corp., Spiegel, Inc.,** and **Western Auto Supply Co.**

* * *

AMP Inc.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Advance Ross Electronics Corporation — Analysis — Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill. Also available are data on **Philips Lamps.**

Alaska Oil & Mineral Co.—Memorandum — C. B. Whitaker, A. J. Zappa & Co., Inc., 25 Broad Street, New York 4, N. Y.

Aldens Inc.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Commercial Solvents Corp.**

Allied Radio Corporation—Analysis—Chesley & Co., 105 South La Salle Street, Chicago 3, Ill.

Allied Stores Corp. — Review— Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **American Zinc, Lead & Smelting Co.,** and a list of recommended **Common Stocks.**

American Airlines, Inc.—Analysis —Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **International Harvester Company.**

American Can Co. — Review— Blair & Co. Inc., 20 Broad Street, New York 5, N. Y. Also available is a review of **North American Car** and an analysis of **Pillsbury Co.**

American Marietta — Analysis— du Pont, Homsey & Co., 31 Milk Street, Boston 9, Mass. Also available is an anlysis of **Chance Vought Aircraft.**

American Smelting & Refining Company—Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y. Also available is a memorandum on **North American Aviation, Inc.**

Bagdad Copper Corporation—Analysis—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are an analysis of **Frank G. Shattuck Co.** and data on **Seaboard Air Line Railroad, Zenith Radio Corp., Delta Air Lines** and the **Oil Industry.**

Big Bear Stores Company — Analysis—The First Columbus Corp., 42 East Gay Street, Columbus 15, Ohio.

Bishop & Babcock Manufacturing —Memorandum—J. N. Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

Bowling Chain Industry—Analysis—R. S. Dickson & Company, Incorporated, Wachovia Bank Building, Charlotte 2, N. C. Also available is an analysis of **North Carolina National Bank.**

Bowl Mor Company Inc.—Analysis—Schirmer, Atherton & Co., 50 Congress Street, Boston 3, Mass.

Carolina Pacific Plywood Corp.— Memorandum — Peter Morgan & Co., 149 Broadway, New York 6, N. Y.

Coca Cola Company—Bulletin— Carreau & Company, 115 Broadway, New York 6, N. Y.

Control Electronics—Analytical Report—Searight, Ahalt & O'Connor, Inc., 115 Broadway, New York 6, N. Y.

Crane Company — Review — Purcell & Co., 50 Broadway, New York 4, N. Y. Also available are data on **Scovill Manufacturing Company and Olin Mathieson.**

Dial Finance Company—Analysis — J. M. Dain & Co., Inc., 110 South Sixth St., Minneapolis 2, Minn. Also available is an analysis of **Unilever, N. V.**

Dixon Chemicals — Analysis — Hardy & Co., 30 Broad St., New York 4, N. Y. Also available is a review of **United Carbon Co.**

Dow Chemical — Memorandum — Reed, Lear & Co., Grant Building, Pittsburgh 19, Pa. Also available are memoranda on **Calumet & Hecla** and **Brooks & Perkins.**

Dynacolor Corporation — Analysis —Mitchell Hutchins & Co., 231 South La Salle St., Chicago 4, Ill.

Emery Industries, Inc. — Analysis —Westheimer and Company, 326 Walnut St., Cincinnati 2, Ohio.

L. M. Ericsson Telephone Co. — Comprehensive statistical analysis —New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

Eurofund — Memorandum — The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis.

Ferro Corp.—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Gamble Skogmo—Memorandum— Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y. Also available is a memorandum on **Industrial Plywood.**

Great Lakes Power Corp. Ltd.— Memorandum — Greenshields & Co. (N. Y. Inc., 64 Wall St., New York 5, N. Y.

Insurance City Line Co.—Memorandum—Putnam & Co., 6 Central Row, Hartford 4, Conn.

International Resistance Company —Bulletin—Morgan Davis & Co., 63 Wall St., New York 5, N. Y.

Interprovincial Pipe Line—Memorandum—Watt & Watt, 6 Jordan St., Toronto, Ont., Canada.

Lancer Industries — Bulletin — George, O'Neill & Co., Inc., 30 Broad St., New York 4, N. Y.

Metalcraft Inc.—Analysis—Russell & Saxe, 50 Broad St., New York 4, N. Y.

Metro Goldwyn Mayer — Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also available are memorandum on **G. C. Murphy** and **Tung-Sol Electric.**

Miniature Precision Bearings — Memorandum — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Georgia. Also available is a selected **list of Over-the-Counter** issues.

Nachman Corporation — Analysis — Webber-Simpson & Co., 208 South La Salle St., Chicago 4, Ill.

North American Car—Analysis— H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is a bulletin on **Air Line Earnings.**

Northern Illinois Gas Company— Bulletin — The Illinois Company Incorporated, 231 South La Salle St., Chicago 4, Ill.

One Hour Valet Incorporated — Bulletin — De Witt Conklin Organization, Inc. 120 Broadway, New York 5, N. Y.

Photo Produits Gevaert, S. A.— Memorandum — Bear, Stearns & Co., 1 Wall St., New York 5, N. Y.

Radio Corporation of America — Analysis—Golkin, Bomback & Co., 25 Broad St., New York 4, N. Y.

Republic Aviation — Analysis— Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y. Also available is a review of **Growth** Stocks and data on **American Motors, Bobbie Brooks, National Aeronautical, RCA, Ryder System** and **Union Bag Camp Paper Co.**

Richardson Company—Analysis— A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are analyses of **Trans World Financial Co.** and **Spencer Chemical Co.**

Row, Peterson & Co.—Memorandum—Kidder, Peabody & Co., 33 South Clark Street, Chicago 3, Ill.

Royal McBee — Memorandum— Laidlaw & Co., 25 Broad Street, New York 4, N. Y.

Southern Nitrogen Co.—Analysis —Varnedoe, Chisholm & Co., Inc., Savannah Bank & Trust Building, Savannah, Ga.

Southwestern Electric Service Co. —Analysis—A. G. Becker & Co. Inc., 60 Broadway, New York 4, N. Y.

Taylor Fiber Co. — Analysis— Stroud & Co., Inc., 123 So. Broad Street, Philadelphia 9, Pa. Also available are analyses of **Waters Manufacturing, Inc.** and **National Aeronautical Corp.**

Texas National Petroleum Co.— Memorandum — Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Tip Top Products—Memorandum — Carter, Berlind, Potoma & Weill, 37 Wall St., New York 5, N. Y.

Union Bag Camp Paper—Bulletin —Bache & Co., 36 Wall St., New York 5, N. Y.

The Security I Like Best

Continued from page 2

common stock and long-term debt of $9,029,184 including $8,815,000 convertible into common at $40.00.

Earnings this year probably will recede to about $3.00 from $4.12 for 1959. The sharp downward trend of sales and earnings of the first half should be reversed during the last half of 1960. Sales for the last half should exceed the comparable 1959 period. The dividend should be continued at $2.00. Next year, Vought Industries, Inc. should start to contribute to earnings.

In summary, Chance Vought is clearly a special situation. The strong financial condition and respected position in military projects limit the downside risk. The acquisitions of Vought Industries, N. D. P. and Information Systems completely change Chance Vought's corporate image and afford outstanding capital gain potentials.

Canada—Growth Rates And Trade Potentials

By John Davis,* *Director of Research and Planning, British Columbia Electric Co., Ltd.*

Commentary on the changing Canadian old order, and the continuously arising hazards of the new order, projects a faster rate of growth for Canada than for the United States. This projection, however, is shown to depend upon the crucial problem of how the United States handles its trade relationship with Canada. The author raises and answers questions regarding the price competitiveness and output outlook for Canada's industrial materials; rejects anti-inflation step of credit restriction if it means achieving stable price level at the cost of increased unemployment; and sees in a fluctuating exchange rate a useful mechanism to cope with the awkward effects of domestic inflation. In substance, the writer says his country's prosperity is intimately bound up with that of the United States, and freer exchange of goods mutually beneficial.

Travelers returning from the Middle East after World War II reported a strange new phenomenon. Contrary to custom Arab sheiks and chieftains were being preceded rather than followed across the desert by their wives. Careful research uncovered the reason for this break with tradition . . . you guessed it, buried land mines . . . ! !

John Davis

So it is, in some ways, with Canada. The old order is changing but new hazards are forever getting in its way. We need more than political emancipation to solve our economic problems and put us on easy street.

But let us go back a bit. Visitors to Canada in the 1880's and 1890's painted the Canadian landscape in somber tones. Things had to be described in terms of extremes and these extremes, by and large, were unpleasant. A vast and inhospitable territory remained to be explored and only the trapper and the prospector were prepared to venture very far afield. True, agriculture had been established in a few favored areas and the timber trade was flourishing. But life, for the average Canadian, was an experience to be endured. No wonder that the typical immigrant moved on to the United States once his period of apprenticeship in Canada was over and he had accumulated enough change in his pocket to afford a change in scenery.

Looking back to the turn of the century, one is struck by the way in which things have changed. Sixty years ago land hungry pioneers were beginning to surge northwestward across the continent and to settle in what is now known as the Canadian prairies. Wheat was already becoming one of our principal exports and lumber was soon to move down the West Coast and through the newly opened Panama Canal. World War I with its emphasis on the production of munitions was followed in the 1920's by the construction of numerous large mills for the manufacture of pulp and paper. More United States capital was coming in and industry in Canadian cities was already taking on a typical North American look.

What World War II Proved

World War II proved one thing. It was that Canadian factories and Canadian labor could turn out goods of a quality and at prices which were acceptable in the United States. Often priorities were established and defense programs dovetailed with a knowledge that a little give and take on both sides could help to maximize our total effort. All but a few of these arrangements were disbanded after peace was restored, the manufacture of fertilizers and farm machinery being notable exceptions. We have continued to trade freely in these commodities, production being concentrated in a number of large plants on either side of the International Boundary. Needless to say, farmers in both our countries have benefited as a result of these open trading arrangements.

Many Canadians would like to have seen tariffs eliminated on other commodities but this was not to be. So we still find ourselves making many of the same things which are made in the United States but on a smaller scale and for a domestic market one tenth (or less) of your size. How much more efficient things would be if we could concentrate on the development and manufacture of goods with a broader North American appeal! The consequences for Canada would be far reaching, while the results for the United States, though less obvious, could be equally beneficial.

The most promising field for negotiation is that of industrial materials. By industrial materials I mean minerals and wood products which the United States has begun to import over the past decade. With the outbreak of war in Korea it became obvious that this was no short term phenomenon. Shortages were increasing and costs from United States sources were beginning to rise in no uncertain fashion. In 1951 the President appointed a special Materials Policy Commission to look into this matter. It came to the alarming conclusion that the United States was going to have to look elsewhere for a growing proportion of its raw material supplies. Stockpiling was advocated as a stop gap measure but other sources in the Western Hemisphere were needed to fill a chasm which was bound to widen with each passing decade.

Growth of U. S. Ownership and Control

Canada's geographical location was a strong point in its favor. Its vast untapped resources were not too far away and could be brought to market over internal lines of supply. Rail connections and pipelines could be employed as might Lake shipping in some instances. Continuity of service could also be guaranteed by means of long term contracts with subsidiary companies in Canada. Various corporations, which had never before ventured outside the United States, began to set up offices in Montreal and Toronto. Meanwhile numerous survey crews were turned loose in Canada's northland. The result, for Canada, was a resource development boom of unprecedented proportions. We gained a host of new industries and United States investors bought themselves a substantial stake in Canada's future.

Perhaps this is the time to stress the amount of ownership and control involved. Well over 50% of all Canadian industry is now in American hands. Even higher figures can be quoted for resource industries like oil, natural gas, metal mining and by-product chemicals[1]. As these, along with the substantially United States owned capital goods industries, are among the most rapidly growing sectors of our entire economy the signs all point in one direction. As each year passes the United States will become even more heavily involved as proprietors and managers of these expanding enterprises. It will be increasingly concerned about the size and rate of growth of their markets. And, in the case of the resource industries, this means export outlets in the United States. I may be laboring the point, but is it not foolish to lay out hundreds of millions of dollars on the establishment of reserves and the creation of new assets in Canada and then refuse to accept the products which they are capable of producing? Setting up import restrictions, under these circumstances, is like cutting off your nose to spite your face. It can be a painful procedure the effects of which cannot easily be patched up afterwards!

Uncertainty Over Exports Hampers Canada's Growth

As a Canadian, I would also like to see us process more of our own resources at home. This I would like to see for two reasons. One is that it would provide more well paid jobs for Canadians. The other is that it would result in a better division of labor between our two countries. Resource processing industries are typically large, well equipped and extremely efficient. Anyone who has seen a modern mill for the production of newsprint or a smelter for the refining of base metals can vouch for that. Import tariffs, like those imposed by the United States, which increase sharply with the degree of manufacture, are damaging in that they reduce the advantage inherent in refining and otherwise processing new materials in the forest or at the mine. Import quotas are even more destructive of good planning in that they may create surplus capacities at times and to an extent which the businessman cannot foresee. In order to play it safe he, therefore, locates his mill or factory in the importing country. Not only is this practice uneconomic in the international sense but it also sets a ceiling on those very types of industrial activity which are most likely to be productive in resource rich countries like Canada.

1 United States investors presently control about 75% of the oil and natural gas, 65% of the non-fuel mining, 60% of the chemical and 50% of the pulp and paper industries of Canada.

In attempting to assess Canada's industrial potential I find myself very much on the horns of a dilemma. Can I assume that the sensible thing will be done and our export activities will be truly economic in character? Or must I be more cautious and assume that the obstacles to Canadian-American trade will persist in much of their present form? The choice I suggest is crucial. Productivity can increase rapidly or suffer as a result of protectionist policies. Unfortunately, it is this productivity factor which is so fundamental to any calculations which I might make as to Canada's gross national product in the 1960's and 1970's.

As conditions are now we can perhaps expect a continuation of our recent history, i. e. a growth in output per man year of about 2% per annum. But let us think for a moment what would happen if many of the trade barriers between Canada and the United States were removed. Some companies would certainly go to the wall. Others specializing in certain lines and processing resources in a truly efficient manner would, however, be in for an era of prosperity. On balance we should be able to produce a greater volume of goods with the same Canadian labor force. Productivity could go up at a rate of as much as 3% per annum. Those who have studied the effect of different compound rates of interest on money in a saving bank account will see what I mean. The effect on our Canadian economy in ten or twenty years could be stupendous. . . . This I consider to be a truer measure of our economic potential.

Other Growth Factors

Closer examination reveals various other growth factors whose momentum augurs well for the future. The first is population. Canada's high birth rate, which rose markedly in the 1940's, shows few signs of abating. Immigration into Canada has been less predictable. But even assuming that it drops to a fraction of its postwar rate, Canada's population should go up, on the average by 2½% a year. Under these circumstances, the present population of 18 million could reach 23 million in 1970 and exceed 28 million two decades from now.

The combined effect of a 2% to 3% increase in productivity and a 2½% increase in the nation's labor force would be to raise the **constant** dollar value of Canada's total output of goods and services by at least 4½%, and by as much as 5½% a year. Most projections for the United States fall in the 3½% to 4½% range. I am, therefore, suggesting that Canada may continue to gain slowly on her much larger neighbor to the south. A somewhat higher rate of population growth is one factor. The other, namely productivity, may or may not help to close the gap in living standards as it depends so much upon what the United States is prepared to take from us and when.

In order to give some impression of what may be happening in **current dollar** terms I am obliged to make allowance for inflation. Rising money costs could, on balance, add another 2% to 3% a year to the expenditure side of our national accounts. Were this to be the case, Canada's performance over the next quarter century might be governed by quantitative

Continued on page 14

Unrealistically High Priced Stocks Should Be Avoided

By Roy R. Neuberger, Partner, Neuberger & Berman, New York City, Members New York Stock Exchange

Dubious about stocks with high price-earnings ratios which have outdistanced their prospects for many years to come, Wall Street partner recommends what a portfolio should comprise in the light of the many more variables said to exist than ever before in today's market. The broker-dealer also imparts specific advice to the small investors who have been buying outright or on credit; voices confidence in the business growth and earnings outlook and in the choice of equities to bonds for the long term; and cautions that the easily made money in the past provides no criterion for future results. Mr. Neuberger says there are many sensibly priced growth securities with strong managements which in the next ten years should enhance percentagewise perhaps five or ten times more than the averages.

In considering the problem today of investing one's money wisely, it is necessary to take into consideration a great many factors. There is nothing novel in this statement, but I believe that the number of variables in the equation is greater than ever before. Any appraisal of the present situation embraces an evaluation of the political, economic and financial affairs at work, not only here but throughout the entire world.

Roy R. Neuberger

These forces must be examined on a world-wide basis because the recovery which has taken place outside the United States has changed our relative position drastically. Our ability to compete successfully in the world markets has been weakened considerably by rising costs here and greater production elsewhere, so that profit margins are being squeezed. Taken along with other factors such as the many years of credit and debt expansion, the probable peak this year in business outlays for plant and equipment, the level of inventories, new orders and order backlogs, etc., it is not difficult to visualize a cyclical character in our domestic economy. One of the most difficult things to judge is the effect of an adverse swing in many of these factors on the psychological and speculative attitude of the millions of investors themselves, which is to say, the prices people will be willing to pay for equities under a less favorable outlook.

Relating this to the investment policy to be followed by people of substantial net worth, I feel that this is not a time for cupidity—which seems rampant in the country at the moment. During the past period of nearly two decades there has been a rise in equity prices that hardly ever occurs more than once in a man's lifetime. Presumably people who have built up large assets during this period have seen their net worth at least quadrupled, perhaps increased as much as tenfold in that period, if they have had the benefit of good investment selections. For the average person in these circumstances I would recommend a position of 50% in common stocks and 50% in the bond market, the latter portion of the account concentrated mostly in municipal bonds (mainly revenue), and in short-term government securities with maturities under five years.

Dubious About Keeping inflated Stocks

It is not necessary to be more specific with relation to the fixed income securities, but it does make a lot of difference what stocks are held to make up the 50% still retained in equities. I may be old-fashioned and I know that many people will disagree but I think that strong action should be taken to eliminate or greatly reduce those issues selling on a very high price-earnings basis. I feel that the group characterized as growth companies which have attained these extremely high price-earnings ratios have outdistanced their prospects for many years to come. These securities that are today selling at 60 or 70 times earnings could very well sell at one-half that multiple and then in some cases still be too high. Even if earnings 10 years hence should double, triple or quadruple and the prices of the stocks remain unchanged, they would still be selling at a basis of 15 to 30 times earnings and be yielding only 1 or 2% based on increased dividends at that time. I feel that the pendulum has swung too far so that the price which must be paid for an assumed growth is out of reason.

This is not to say that all securities are inflated at the present time. I might say I am a person not without optimism and know of many securities that are realistically priced for long-term investment, and it is this type of stock that I believe should be retained or purchased by the intelligent investor.

There are many companies that are today selling between 5 and 15 times earnings and affording yields ranging from 4% to 6% that we would consider entirely satisfactory in value. I do not feel that everybody's investment judgment should be prejudiced by day-to-day movements in the stock market.

By diligent research I think it is possible to find companies with strong management but whose business may have been temporarily adversely affected. In such cases prices are usually at a level which make them attractive purchases. If one conscientiously looks for growth but does not pay a ridiculous price for it, I think there will be opportunities in the 10-year period ahead for such securities to enhance percentagewise perhaps five or ten times more than the averages. In this connection I am sure that during the next decade there will be many obstacles as far as profit margins are concerned, but at the same time I believe that the gross business of the country will grow sufficiently so that there will perhaps be a 50% increase in corporate earnings. To say this one must have somewhat of a "Pollyanna" viewpoint, and as I have already indicated I am not a pessimist on the long term. Therefore the 50-50 ratio I have previously mentioned as desirable at this time between bonds and stocks would probably be changed a year or two hence after the present downward phase of the business cycle gets further advanced. An occasion for such a cyclical change could very well occur some time next year.

Optimistic About the Future Direction of the Economy

On the subject of business cycles, I feel that the extreme movements we have experienced in the early part of the century are unlikely to be seen in the future. There are many safeguards that do inhibit major downward swings. Large taxes, an active Federal Reserve policy, social security and many new social developments indeed are accomplishing this ironing-out process.

Some time in the next year or two I would expect our government, no matter which party is in control, to have an ambitious program to expand the nation's economy. Opinions that are expressed by Keyserling, Galbraith, the Rockefeller Brothers report and to some extent the Council for Economic Development, could very well bring about patterns that will stimulate our economy toward a rate of growth greater than the present 2 to 3% per annum. At that time, if my ideas prove to be correct, I would progressively increase the percentage in common stocks, for in my opinion the very long pull has always favored intelligent equity investments which of course involve a risk, rather than fixed income securities whch have rarely paid off in the long run.

I go along with the popular beliefs that the population will accelerate from 1965 on in the United States, and, for that matter, to an even greater extent in many other parts of the world. The population factor alone calls for an enormous expansion in the ten-year period. Corporations are spending a huge amount in research which will ultimately pay off in earnings and dividends. If our government is sensitive to the revolutionary aspects of what is going on in the world at large, particularly Asia, Africa and South America, we would be in a very good position to help supply billions, brains and know-how, that would not only be good for the world generally but certainly for the United States as well.

Advice to Small Investors

Perhaps a word of advice should be given for what it may be worth to small investors as well as newcomers to the field of investment. The new generation in Wall Street has never seen bad breaks in the markets such as occurred in 1919 and 1929, or even those of the proportions of 1937 and 1946. Some newcomers have indeed fared very well and it would certainly be a disservice to inhibit those whose knowledge of the markets is increasing and whose instinct for the selection of securities is good. For these I will say my belief is that many people have been living in a fool's Paradise and that the easy way in which they have made money in the past should not be regarded as a criterion for future results. I think that people with a small amount of capital must first develop a philosophy in order to be successful investors. After all, some people are naturally cautious and others are bold. For the new or small investor I would make these two suggestions:

(1) For those who have always used a great deal of credit, I suggest that they now operate on an outright basis.

(2) For those who have been buying outright, some of their gains should be salted away and they should be less aggressive until such time as our economy and markets have been tested by a probable business readjustment and until the over-priced selection of the stock market returns to a more realistic price—earnings basis.

Connecticut Brevities

Kaman Aircraft Corporation of Bloomfield has been awarded an Air Force contract to study the use of helicopter-like blades to lower manned and unmanned space capsules safely to earth. Kaman will base its research on experience gained from eight years of work developing "Rotochute," a rotary wing recovery device which operates like a small helicopter. When a Rotochute equipped container is released, folded blades snap into position and aerodynamic forces then cause the blades to spin. The container decelerates and lands in helicopter fashion. This defense contract will put Kaman into the field of space age technology.

* * *

Bigelow-Sanford, Inc., Thompsonville will move the headquarters of its newly acquired Crestliner boat business from Little Falls, Minnesota to Thompsonville where production is scheduled for late fall. A complete line of fiberglass and aluminum boats will be made for East Coast distribution.

* * *

At Underwood Corporation in Hartford, employment has increased this year from 2,400 to 2,900 and it is expected that jobs will be raised by another 200 to reach 3,100 by the end of December, 1960. This increased employment is the result of the gradual stepping up of production of restyled product line being sold by an expanded sales force.

* * *

The United Aircraft Corporation of East Hartford has formed an Industrial Power Department at its Pratt & Whitney Aircraft division. This Department will develop new uses for Pratt & Whitney engines as well as new products for the industrial power field. Formation of this Department follows a program already initiated with work on the fuel cell as a power source and the planned use of P&WA jet engines to push natural gas through transmission lines.

* * *

Vitramon, Inc., formerly headquartered in Trumbull, took possession of a new headquarters and production plant in Monroe in June. This new facility, when completed, will increase manufacturing capacity four fold and will accomodate 900 employees. The company's first division to move in was the "VK" microminiature ceramic capacitor division. Space made available in Trumbull will be devoted exclusively to the manufacture of solid state porcelain capacitors.

* * *

First Connecticut Small Business Investment Company of Bridgeport has been issued the initial license in Connecticut by the Small Business Administration. As its name implies, the company will provide equity capital and long-term loans to diversified small businesses.

* * *

Sikorsky Aircraft of Stratford, a division of United Aircraft Corporation, announced that its S-62 helicopter has been certified for commercial operation by the Federal Aviation Agency. The S-62, the first U. S. built, turbine powered helicopter to receive such certification, is a single-engine aircraft capable of carrying a pilot, co-pilot and 11 passengers. Negotiations for sale to Los Angeles Airways and other users are in the "advanced stage" according to a company official.

* * *

Chandler Evans Corporation of West Hartford, one of the country's largest producers of fuel control systems and accessories for aircraft and missiles, has purchased the major assets, including patents and test equipment, of Farmingdale Manufacturing Corporation of Farmingdale, Long Island. Key engineering personnel will be moved to West Hartford where further development work and production will be conducted. Farmingdale, a research and development organization, specializes in the field of hydraulics, pneumatics and electronics.

Named Directors

The election of Samuel E. Magid and Lee Nashem as directors of Major Pool Equipment Corporation, manufacturers of sand and gravel filter systems for commercial and residential swimming pools, has been announced by David Greene, President.

Samuel E. Magid

Mr. Magid is President of the investment banking firm of Hill, Thompson & Co., Inc., New York City.

Glover & Thompson With Jos. Walker

Joseph Walker & Sons, 30 Broad St., New York City, members of the New York Stock Exchange, have announced that Raymond F. Glover has been appointed manager of the syndicate department, and McKean Thompson manager of the sales department.

Model, Roland To Admit Everitt

Model, Roland & Stone, 120 Broadway, New York City, members of the New York Stock Exchange, on Aug. 1 will admit Walter A. Everett to partnership. Mr. Everett has been with the firm for some time.

Form Burr Agency

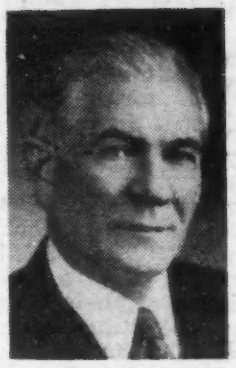
EAST NORTHPORT, N. Y.—The Burr Agency, Inc. is engaging in a securities business from offices at 283 Larkfield Road. Officers are Carll S. Burr, Jr., President; Eileen Lesberg, Vice-President and Secretary; and Joseph Landry, Treasurer.

Government and Banking

By Hon. A. Willis Robertson,* *Senator (D. Va.), U. S. Congress*

Senate expert on banking (1) belabors proposal to provide for the retirement of Federal Reserve Bank stock; (2) singles out trends of an inflationary character; (3) makes use of our monetary history in warning against financing spending programs through central bank support of Treasury borrowings; and (4) calls on bankers to exercise their citizenship responsibilities. In a vigorous defense of our independent banking system, Senator Robertson holds stock ownership to be an important link in the matrix which resolves "public and private interests, centralization and decentralization and 'independence' of the System from passing popular demands."

The relationship of Government and banking, in its broad aspects, has been a vital one throughout the history of this country. The struggles of the American Colonists, which culminated in the Constitutional Convention of 1787 followed almost a century of disheartening monetary experience. The desire to obtain a sound and freely circulating currency, was one of the mainsprings behind the movement for a more perfect Union. The Keynoter of the Constitutional Convention, Edmund Randolph, listed what he called "the havoc of paper money" high on his list of the inadequacies of the Articles of Confederation.



Sen. A. W. Robertson

Soon after the formation of the Federal Government, the Secretary of the Treasury, Alexander Hamilton, urged Congress to grant a charter creating a Bank of the United States. Hamilton's Report on the bill to establish the Bank set in motion a debate which has not yet ended. Over the objections of the Jeffersonians, Congress in 1791 granted a charter to the Bank of the United States, but when that charter expired in 1811, the Jeffersonians blocked its renewal.

State governments in the meantime had chartered commercial banks, but due to lack of supervision, failures from poor management and the absence of a central bank, they did not become strong institutions. During the War of 1812, when the Government borrowed heavily from the State banks, they issued paper money which resulted in inflation and the whole system of redemption broke down.

In response to this, the Federal Government tried to tighten the money supply, and in 1816 the second Bank of the United States came into existence. It was a central bank in every sense of the word, and its ruthless policy of deflation resulted, at least in part, in the first business depression in 1819. This, in turn, ultimately led to the battle between Andrew Jackson and Nicholas Biddle to revoke the bank's charter which Jackson won in 1832.

But soon again the pendulum swung to money expansion through a period of booming prosperity that ended in the panic of 1837.

As occasionally has happened in our history, the public enthusiasm for banks turned in that period of depression to revulsion against them. The Federal Government sought to divorce itself from the banking system, while State governments sought to strenghen their own banking laws. The urgent need of the Federal Government during the War Between the States for funds which State banks could not furnish resulted in the National Banking Act of 1863, under which the Federal Government issued paper money called Greenbacks, with neither gold nor silver backing, many of which are still in circulation, notwithstanding the pious hope expressed by the infidel, Bob Ingersoll, in the free silver debate between Bryan and McKinley in 1896: "I want every greenback to be able to stand on end and say 'I know that my redeemer liveth'."

National bank currency, because of the structure of the Federal debt, tended to be too inelastic, and the lack of a central banking facility tended to aggravate recurring panics after the War ended in 1865.

There followed political contests over easy money, not altogether different from those we have had in recent years, except that they were argued upon the basis of gold, silver and greenbacks.

After almost 300 years of trial and error, the United States found itself, to quote from a recent book, *The Federal Reserve System*, edited by Herbert V. Prochnow, "with a national banking system infected by the weaknesses of currency inelasticity and immobility; a variety of State banks operating under the laws of 48 different States; and a hodgepodge currency system that included gold and silver, bond-secured national bank notes, and a supply of greenbacks. . . ." In an effort to stabilize banking and to discharge its constitutional duty to fix the value of money as well as to coin it, the Congress in 1908 created the Monetary Commission. In 1912 that Commission recommended a central bank along the lines of the present Federal Reserve, but the Aldrich bill of that year was defeated primarily because the Senate felt it encroached too much upon the rights and powers of State banks. But the next year, under the leadership of Woodrow Wilson and Carter Glass, the Federal Reserve Act was passed. As with most successful governmentally-established institutions, it was the result of compromise and adjustment, and reflected the lessons of history. It provided for a monetary and banking system which was neither wholly political nor wholly private, which was neither wholly centralized nor wholly decentralized, neither wholly national nor wholly State dominated.

Warns Against Printing Press Money

But, of course, the debate continues. In recent years, impatient advocates of vast spending programs have insisted that their schemes can be financed painlessly —by increases in the money supply, created through central bank support of Treasury borrowings. They disregard the lessons of our own history which warn us against a central bank which is an arm of the Treasury, and the history of other nations which shows that revolution and dictatorship are the end products of uncontrolled inflation.

Recently, the monetary and banking system has had to carry the burden of restraint upon inflation, because of the deficit financing in which the Congress has engaged and the inflationary effect of the price-wage spiral.

While some of us were advocating budgetary restraint, others struck at the independence of the Federal Reserve System in various ways. Resolutions were submitted and speeches were made, in attempts to direct the System to take specific actions in specific circumstances. Although it is within the prerogative of the Congress to do this, it is contrary to the basic concept of the Federal Reserve System. That System has operated under a broad, general mandate of the Congress, which makes it possible for the Board to take actions which may be momentarily unpopular, but which, in the long run, will be vindicated by economic events. Congressional direction of specific monetary policies would seldom be free from political expediency.

Attacks Plan to Lessen Fed's Independence

The most recent development in the continuing debate about the proper relationship between Government and Banking is the introduction of a bill to provide for the retirement of Federal Reserve Bank stock.

The plan of this bill is to require member banks to surrender their stock, and to open Federal Reserve membership to all insured banks upon the payment of a nominal fee.

The bill has a superficial appeal, because stock ownership usually implies proprietary interest and control—which is not the case in the relationship of member banks to the Federal Reserve System. The only proprietary interest member banks have in the System is that of participating in the election of six of the nine directors of the appropriate Federal Reserve Banks; and a return of a 6% annual dividend on their stock. While the Federal Reserve Banks could operate without capital stock, the existence of this stock and its ownership by member banks are important conceptual aspects of the System.

This arrangement is a link in the concept of a monetary and banking system which brings into proper relationship both public and private interests, centralization and decentralization, and the "independence" of the System from passing popular demands. The removal of this link might well be interpreted, and indeed, it might well be intended by some of its advocates, as a step in the direction of political domination of the Federal Reserve System—a domination to which I am unalterably opposed.

Reviews Interest Rate Changes

Despite the pressure to which I have referred, the Federal Reserve authorities have continued their policies favoring economic growth without inflation. In the first quarter of 1960, gross national product increased by $17 billion to a seasonally adjusted annual rate of $500 billion. Although a part of this increase was a reaction to the slowdown occasioned by the steel strike during the latter half of last year, the first quarter of 1960 showed an increase of 4% in total output, after adjusting for price rises.

In 1959 interest rates rose to their highest levels since 1929. This was in response to heavy demands for funds and, despite much agitation, the Federal Reserve System refused to interfere unduly in the money markets. Notwithstanding these interest rates, the high level of economic activity during 1959 resulted in a record volume of funds raised through credit and equity markets —more than $60 billion, or one-third above 1958. Paradoxically, at the same time the Federal Reserve System was being accused of stifling economic growth.

In the first quarter of 1960, however, credit market activity fell off—that is, the amount of funds raised was unusually small and well below the level of a year earlier.

These reduced credit demands were acompanied by sharp declines in interest rates during the first three months of 1960. In addition, inflationary expectations were modified after the turn of the year; stock prices declined and there was a movement of funds out of equities.

The easier credit market situation so far this year has reflected mainly a changed Federal Government budgetary position, for which some of us had been struggling while others were advocating more liberal spending. Through the first four months of this year, the Federal Government made funds available to markets through net repayment of debt. In the same period of the preceding two years the Government had been a net borrower.

In the first five months of the year, the privately held money supply declined, by about $2.5 billion, and at the end of May the money supply was about 2% below the level of a year ago. A major part of this decline was related to unusually large tax receipts during this period. The decline in the money supply since the first of the year, however, was accompanied by a substanstial rise in its rate of turnover. At the end of May, the seasonally adjusted rate of turnover of demand deposits at banks outside leading financial centers was more than 7% above a year ago.

Although the money supply has declined thus far in 1960, other major liquid assets held by the public have expanded, but at a somewhat lower rate than the previous two years. Expansion in time and savings deposits in banks has been slower than a year ago, but the inflow of funds to savings and loan associations has been about the same. United States Government short-term marketable debt in the hands of the public has also continued to expand.

In response to a lessening of short-term inflationary dangers, the Federal Reserve System, since March, has been adding to its holdings of United States Government securities, thereby providing additional reserves to member banks. Member banks in the meantime have gradually reduced their borrowings from Federal Reserve banks. The Federal Reserve System's reduction in the discount rate, from 4 to 3½% in early June, was further evidence of its belief that the fight against inflation was succeeding, at least for the time being.

Fears Inflationary Danger

Despite the current lessening of inflationary psychology, I believe there are built-in inflationary trends in our economy with which we shall have to contend in the long run, and which bankers, have fundamental obligations to understand and resist.

Even a slow rate of continuing inflation is cause for concern. A rise in the price level of 2% a year would mean a doubling of prices in 35 years, assuming such a rise did not, in the meantime, lead to even more serious trouble.

Among other trends of inflationary character, are the continuing demands for government spending, although combined Federal, State and local expenditures already total 30% of our total output. With taxation near this level of 30% of gross national product, resistance to further taxes to finance more government spending is great, and the temptation is ever-present to finance additional activities with additional debt, and to monetize that debt — in short, to finance by inflation.

The price-wage spiral, arising

Continued on page 19

Problems and Considerations In Attracting New Plants

By Kenneth Field* *Ph. D., J. D.*

Giving his own personal, professional views on industrial location, Dr. Fields provides a check-list on how small communities should go about attracting new industry. In so doing he provides companies contemplating movement to a new location with an inventory of considerations to evaluate in arriving at a decision. The writer condemns our national policies as confusing and conflicting. He holds them and our national labor unions responsible for jeopardizing the survival prospects of the smaller community and the employability of many of its people—particularly the substandard worker.

The prospect of new plants is a dim one in many small communities because the Federal policies of the United States operate to handicap small communities. The smaller communities are the product of a self-adjusting economy, often called a free enterprise economy. Federal policies and statutes have interfered with the self-adjusting mechanisms of the economy to the point where many small industrial communities are fighting for their economic lives. The same is true of large segments of agriculture. As the country has made mistakes in legislation, it has tended to pass more legislation to palliate the mistakes rather than to correct the original legislation. The country is now at a crossroads where many of the national economic policies are self-defeating, the post war shortages have been filled, international competition is becoming severe, and inflation of bank deposits through reckless Federal spending is no longer a cure for basic ills. The party is over and the country must face things in the light of day.

Dr. Kenneth Field

Before discussing the broader forces grinding on the smaller communities, I wish to state the economic premises within which a small community must attract new industrial plants.

The crux of the analysis is unit selling prices. Any business enterprise which considers locating a new plant must sell its product at a price set by competition in a market. The only control the company can exert over that price will be the influence that can be brought to bear by withholding its own production from market. Obviously, the desire to establish a new plant is totally inconsistent with the purpose of withholding the production of the plant from market. So for all practical purposes, the company starts with a market price over which it has no control.

Since the unit sales price is not a matter of control, the relative merits of different communities as plant locations will be determined on the basis of comparative unit costs. The business will apply its itemized cost analysis to each community and select that community which offers the lowest total unit cost. Some individual costs may be higher, some may be lower, but the total will control. However, the total cost will be studied on an itemized basis and each item tested both on a current and on an anticipated future basis.

Business plants are sunk capital. Once money has been used to pay for the production of given types of equipment and plant buildings it is committed. The only way to get it back is to use the new plant to produce goods which sell for enough above other costs to return the initial investment to the business over the life of the plant and equipment. This process requires many years. Consequently, the businessman must look well beyond current costs and prices. He must forecast these for a long enough time to get his investment back. He cannot be really sure of any of the price and cost items; so he will rely principally upon his ability to control his costs as efficiently as his competitors. He will, therefore, have to give special attention to any factors which might change his cost factors unfavorably.

Labor Costs

The cost of labor is a major factor in any manufactured product. Because of its importance, the cost of labor will be investigated thoroughly in the process of locating a new plant. The businessman will have a manning table for the proposed plant. He will develop information as to the availability of manpower and womanpower for each occupation to be filled. Where surplus skills do not exist, he will develop potential training costs and substitute skills. If he is to compete for skills, he will estimate the amount by which existing wage rates may be affected.

Assuming he finds an adequate labor supply, he will then study the unit costs. The occupational rates are usually only a fraction of the cost. At least two other matters will require close attention: (1) the fringe wage structure, and (2) the idle time practices. Vacation payments, shift differentials, overtime premiums, holiday pay, company paid insurance, pensions, and welfare plans, reporting allowances, jury pay, pay for death in the family, and the like now add another third or one-half to the occupational rate in some communities. These have to be figured in the unit cost of a product. Similarly, if union restrictions require the hiring of more persons than are necessary to man an operation or require excessive rest periods or idle time for any reason, the unit cost of the product is increased. The labor practices in a community which prevent getting a fair day's' work for a fair day's pay will militate against obtaining new plants for the community.

You may say that the new plant will not be bound by practices that have grown up in older plants. That may be as an initial matter, but if labor unions have abused their power to impose and retain such practices in the older plants, it would be sheer folly to anticipate they would not attempt to impose them on a new plant. At best the prospect would hold threat of labor disputes and possibly strikes even if the practices could be avoided.

Labor Strife

This leads to a further main facet of investigation. What is the labor history and prospect for the community? Is it a strike happy community?

Perhaps no other factor will turn new plants from a community faster than a bad reputation for labor strife. Interruptions of production are very costly. To stay in business the employer must be able to absorb strike costs in the selling price of the product. They are just as important as the cost of raw materials in determining whether to locate in one community in comparison with another. The reputation of union leaders, the strike history of the community, the record of the police in affording police protection during strikes, and the record of the courts in granting prompt injunctions in cases of illegal interference with entering and leaving plants, etc. will be investigated thoroughly in the local newspapers and elsewhere.

The newspapers will be an object of special attention because they are a force in the community. For example, many employees in many communities believe that the mere calling of a strike makes it legal for pickets to use force and violence in interfering with others although they know it is not legal at other times. I believe that misconception is the fault of the public press to a greater extent than of any other agency or institution in this country.

The newspapers also reflect a great deal of the basic fabric of the community—how it reacts. A plant that must pay out over a quarter of a century must forecast the future community integrity because it has to live with it. The community is a grinding force that can keep disturbing forces in balance or can move in wide swings with the disturbing forces. Character and stability in the population bodes well; wide swings bode ill.

National Labor Policy and the Small Community

Matters of national labor policy are not within the control of any given small community, but small communities as a whole could do a lot to correct them. First and foremost of the national problems are the great nationwide labor monopolies which have been fostered by Federal statutes. These monopolies extend way beyond single employers and can set nationwide uniform wage rates. They can decree, for example, that no person who can produce less than two dollars worth of product per hour can be employed in an industry by setting a minimum wage of that amount. When the employer lays off the employee who isn't worth two dollars an hour or substitutes machinery which produces at less cost then the overpriced labor, the union lobbies for Congress to spend taxpayer's money to use the unemployed and insure that the rest of the economic community supports the union members in the style to which they have decided they should become accustomed. Somehow the farmer and the citizens of the small communities are expected to pay more for automobiles, electrical products, farm equipment, and the like so that the members of these great labor monopolies can live a more affluent life while the farmer and the small town citizen have less to spend on their other needs.

But let us bring this matter home to the small community. The small community does not usually have a favorable location with respect to raw materials used in products sold in distant markets. The raw materials have to be shipped in, the finished products have to be shipped out. Transportation cost is an item of competiitve disadvantage to start with. Each year that transportation cost becomes a worse disadvantage. Every fireman carried unnecessarily on a diesel engine, every unnecessary freight station maintained to continue unnecessary jobs, every payment of eight hour's pay to a train crew for doing two hour's work, every similar featherbedding practice keeps up or increases transportation costs. In so doing it aggravates the small community's location disadvantage.

Decries Uniform National Wage Rates

Similarly, uniform national wage rates work against the small community. The usual small community has certain cost disadvantages compared to larger communities located at natural transportation centers of raw material sources. The small communities usually resolve the matter of better living conditions which cannot be moved against the disadvantages of congested urban living by accepting sufficiently lower wage rates to equalize or better the competitive unit cost disadvantages. In truth there is no other way to equalize them. It is a case of take lower wage rates or not work in the community.

When the national union takes over and forces big city wage rates on small communities, it starts the process of economic destruction for the small community. The mechanism for adjustment has been removed. There is now no way to attract new plants. Because of the cost disadvantages, old plants will not be replaced as they become obsolete. When business dips orders will be filled from lower cost plants and small community employees will be laid off.

There is another facet of this national labor policy which needs serious attention, that is the impact of uniform wage increases on the competitive structure of any given industry. I am sure that if a few large companies agreed to cut prices to drive out some of the competitors, the Anti-Trust authorities would be rushing in to stop the process with all trumpets blowing. But somehow those same few companies can make a national pattern wage agreement with a large union and increase the costs of the competitors by the same amount as the assured price cut and these same government champions of small competitors will be in the forefront of those opposing any increase in prices. Yet the marginal competitor cannot survive unless there is a price increase.

The facts of the matter are that we have very confused and conflicting national policies. The essence of the free enterprise system is its capacity to adjust. The small community could survive because it could decide for itself what rates of pay it was willing to accept. It could find work for persons who were slow or had physical defects. Now it is pushed around by national legislation and Federal agencies with a mission to serve which has scant consideration for local problems. Once the community succeeds in finding employment for its members who can produce only a substandard quantity and thereby has reduced its unemployment rolls, along comes new minimum wage legislation to increase coverage and raise the wage rate the substandard worker must meet in his production—or again become unemployed.

In this connection you may ponder the case of a small employer who came to me two years ago. There was the possibility that he would be caught with a minimum wage increase. For many years he had employed, in one phase of his operation, a large number of physically, and perhaps in many cases mentally, substandard individuals. It was immaterial whether he used three persons or one to do a given amount of work provided he paid the same total wages. He had deliberately set out to employ the otherwise unemployable. But an increase in the minimum wage would hit him three fold. He was considering the necessity of eliminating this whole force and hiring standard replacements who would do three times as much work per person in order to keep his total wage cost within his income. His was an extreme case, but every establishment has some marginal employees. Any increase in wage costs may tip the balance in favor of other employees or in favor of labor saving machinery in place of employees.

Congress gives great speeches on relieving unemployment. But each time the communities, *and not Congress*, get the problem under control, Congress passes new legislation to swell the unemployment rolls. We are a great nation to heat the room by holding legislative matches under the thermometer rather than shoveling coal in the furnace.

In concluding the labor aspects of this discussion, I suggest that the smaller communities and the farmers should press their representatives in Congress to correct the present laws which permit industry-wide labor monopolies. Labor unions are desirable to permit the employees of an establishment to negotiate as a group. But nation-wide labor monopolies are neither necessary nor desirable.

My personal view is that the economy of this country will not be able to make the appropriate location-to-location and day-to-day adjustments until labor unions are limited in size to single employers. Then if one group of employees overreached itself, another company would be able to bid lower for the available business. Each team of employers and management could bargain within the framework of its own self-interest. The free enterprise economy, actuated by self-interest, would be functioning again.

Taxes

Taxes are a prime consideration to every company. Whatever is shared with the government must first be produced. The competitive price of the product must cover the taxes or the taxes can't be paid. The wage of the employee must permit him both to live and pay taxes. Too high taxes mean endless trouble for an already located business. They drive other businesses to locate elsewhere.

The new company will tabulate every type of tax and fee it will have to pay in comparative locations. In conjunction with this search, it will normally inventory all restrictive ordinances and other legislation, including load weights on bridges and streets.

Taxes and restrictions, however, are matters which can also change from year to year. There is no dependability except as the conscience and character of the community show a massive stability. There can be no ultimate restraint on tax increases except as there is restraint on spending. The point to study taxes of the future is in the spending habits being developed today. The guides in this factor will be found in the community record. Has the community been spending more on community projects, country club type schools, and the like than it can afford? Have the community thought leaders fronted for bond issues to cover current maintenance costs or construction projects which should have been spread over a longer period? Does the community press support propaganda on deficit spending to produce purchasing power and like doctrines? These all cost their shadows before them.

Politicians are but mirrors of the actions of the people they represent. Most of them are fairly practical merchandizers. They know they must get votes to stay in office just as a grocer must get customers to stay in business. They study what is necessary to get this group and what is necessary to get that group. They offer the merchandise the customer wants just as the grocer does. They lose office if they stock the wrong items. But those who are in office at any given time reflect

the actions of the people they represent.

I say actions because they may never represent what a majority of the citizens want. You may not like free spending and free taxing; but if you take no action and the beneficiaries of free spending and free taxing put out the propaganda, get out the vote, and carry the elections, the representation is theirs.

Now a new business considering coming into a community will not be concerned with whether a minority is permitted to run the community. It will decide whether the community is acceptable without reformation. The governmental climate must be right. The community seeking to attract new business should document its case. The tax rates are readily available and can be shown on a trend basis. The local newspaper files will provide much of the history on community attitudes — and results.

Plant Specifics

Each plant will have its own specific requirements. These must be met on an item by item basis. However, much of the information can be assembled in readily usable form. Electricity rates, gas rates, freight rates to logical locations, particularly flat rate tariffs, lists of railroads, trucklines, highways, etc. can be standardized for many users. Warehouse and railroad siding data will be a one trip survey for multiple users. An item of special interest will be the condition on which roads are kept.

Individualized items will include available land and the conditions under which it can be obtained; available buildings and their suitability for different uses. Building data should reflect loading dock characteristics, crane facilities, heating and air conditioning, and general age and condition. One of the main features of community competition today is the provision of free or cheap land and low cost buildings. Where buildings are not available, it is not uncommon to have contractors guarantee construction of buildings at a low cost per unit of construction. Another gimmick is to lease plant facilities with the right to purchase for a nominal price after substantial rentals have been paid. This arrangement permits fast write-offs of investment (as rentals before purchase) for Federal income tax purposes.

Community Facilities

Where the cost factors are relatively equal, community facilities will frequently decide the plant location. The new company will study the availability of water, sewers, housing, postal facilities, fire protection, police protection, shopping facilities, banking facilities, and schools. An inventory of these is important in any attempt to attract new businesses.

Conclusion

In conclusion, I suggest that a community should prepare a well-documented labor relations history of itself. It should then, on a continuing basis, throw the weight of community force behind the notion that labor contracts should be negotiated and lived up to on the same basis as any other business contract. Once made they are not to be broken during their lives by illegal stoppages. In their making it is proper to refuse to agree until fair and reasonable terms are reached but not to resort to violence in any period of economic strike that may be involved.

I suggest preparation of a well-documented history of its thrift and integrity in public spending, borrowing, and taxing and that the community maintain a future course of living within its current means.

Also, there should be inventoried the tax and license rates, transportation rates, utility rates, available land and facilities, and community facilities. All of this essential information should be put into a readily indexed brochure. Then a community should establish a sales team to sell itself. A good sales team of top business leaders, properly supported by sound data, may be decisive.

*Pittsburgh economist, lawyer, and business executive. Mr. Field is a past President of the American Finance Association and a past President of the Society for Advancement of Management, Pittsburgh Chapter. This address was delivered at the annual banquet of the Chamber of Commerce and affiliated business associations at Brookville, Pa.

First Boston Names Two V.-Ps.

George A. Bentley 3rd and Donald M. McLean, formerly assistant Vice-Presidents of The First Boston Corporation, 15

Geo. A. Bentley 3rd Donald M. McLean

Broad Street, New York City, have been elected Vice-Presidents, it has been announced by George D. Woods, chairman of the board of directors.

Mr. Bentley is in the underwriting department of the New York office and Mr. McLean is in the sales department in Philadelphia.

Mr. Bentley joined the New York office of The First Boston Corporation in April, 1952 and was appointed an assistant Vice-President in Jan., 1957.

Mr. McLean joined the Philadelphia office of the company in July, 1950 and became an assistant Vice-President in Feb., 1959.

Three Asst. V.-Ps. For First Boston

The appointments of three assistant vice-presidents have been announced by The First Boston Corporation, 15 Broad Street, New York City:

Douglas Campbell, Jr., a member of the New York underwriting department. He joined First Boston in February, 1954.

Thomas L. Cassidy, also in First Boston's underwriting department. He joined the company in July, 1955.

William K. Rahner, a member of the investment research department, who joined First Boston in August, 1957.

E. J. Mayner Now With Bache & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — Edward J. Mayner has become associated with Bache & Co., 445 North Roxbury Drive. Mr. Mayner, who has been in the investment business for many years, was formerly with Shearson, Hammill & Co. and prior thereto was an officer of John B. Dunbar & Co.

P. V. Hall to Admit

P. V. Hall & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, on July 25 will admit Marvin A. Kirschenbaum, member of the Exchange, to partnership. Mr. Kirschenbaum has recently been active as an individual floor broker and prior thereto was a partner in Joseph E. McKenzie & Co.

Not All Who Diversify Become More Competitive

By Roger W. Babson

Doubtful that the armament spending-pace of the Cold War can continue without a let up, Mr. Babson predicts economic competition will take over and hold sway. With respect to his prediction, he alerts us to the effective competition we face from the Free World, raises misgivings about companies that have diversified into new businesses with which they have had no experience, but praises those firms that have expanded in their own lines.

I am not now forecasting World War III, but neither the United States nor Russia can continue to spend such vast amounts of money on missiles, rockets, submarines, etc. Either there must be a reduction in armaments (Khrushchev is as anxious for this as we are), or World War III is inevitable. However, my message this week is on the subject of COMPETITION, which will be the "ammunition" Russia will probably use to fight the cold war.

Foreign Competition

During my last trip to Germany, I was astounded at the competition which is developing there. Not only are wages very low, but the efficiency of the workers is very high. German industrialists are continuing to make new machines which can even replace their own workers. This applies to plastics, textiles, and many other products. It seems as though this competition from Europe will cause unemployment in our country sooner or later.

Added to the competition from Europe, we also have much from Japan. I could give illustrations which would seem to you unbelievable. These involve a great variety of articles ranging from table doilies, which sell for 2¢ apiece, to radios, cameras, and even television sets. It all seems fantastic, and detrimental to American manufacturers and wageworkers. The only concerns which can possibly profit from it are big companies such as Sears Roebuck, Montgomery Ward, and the chain stores which can buy and sell in tremendous quantities.

Competition With Ourselves

Before World War II, the leading manufacturers were content to make their own products; but they have now added products of others which, in many cases, have no relation to their basic products. This not only causes overproduction, but it reduces profits. I fear that the average United States businessman may be caught in a squeeze, with increased costs but with declining prices for his products.

Let me give a few illustrations of this domestic internal competition. General Tire now manufactures missiles! General Mills has wandered away from its basic food products to make precision instruments! Textron, basically a textile manufacturer, is buying into various new businesses with which it has had no experience.

Expansion Versus Diversification

While there is no legitimate reason for much of the above diversification, there is justification for companies to expand in their own lines. (Pittsburgh) Consolidation Coal is becoming increasingly active in the field of organic chemicals; this is wise. American Viscose, a major producer of rayon and nylon yarns and cellophane paper, has now legitimately gone all-out into the plastic-chemical field.

It is wise for a company to seek new markets for its available raw materials. American Viscose has joined with Sun Oil Company to produce polypropylene, thus competing in the petrochemical field with Dow, Monsanto, and Union Carbide. These companies which are expanding within their own fields should be safer investments; but some of those which have neglected their own business to go into missiles and rockets may suffer large losses.

Labor Versus Management

During this cold war, it is too bad to see the competition between labor and management which results in serious strikes. A labor strike against management is an industrial battle and may well be compared to military warfare between two nations. This especially is true now, while the cold war with Russia is in progress. Some believe that a national dictator is necessary to make labor and management cooperate; but this seems unnecessary in a nation which professes Christianity and the teachings of Jesus.

It will be difficult enough to hold our own against competition from abroad and domestic competition between corporations, without the competition created by labor leaders. Both stockholders and members of the labor unions should realize that wage increases without corresponding increases in production or quality are dangerous. They could result in stockholders receiving smaller dividends; and wageworkers could suffer unemployment, to the detriment of the nation as a whole.

Merrill Lynch To Name V.-Ps.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York City, members of the New York Stock Exchange, on July 29 will elect T. Ellis Barnes II (St. Louis), Milton S. Boyce (Milwaukee), William A. Emerson (St. Petersburg, Fla.), Dakin B. Ferris (Atlanta), Charles S. Galbreath (Indianapolis), Alan D. Gulliver, Robert A. Nathane (Seattle), and George L. Shinn (Philadelphia), vice-presidents of the company.

Canada—Growth Rates And Trade Potentials

Continued from page 9

changes in the order of magnitude of those outlined in Table I.

Population estimates and forecasts of gross national product are useful in that they provide us with a framework within which the demand for industrial materials may be assessed. We find, for example, that these needs are rising more than twice as fast as the North American labor force which is converting them into finished goods. While it might not quite match the sum total of all types of economic activity, the raw material requirements of both the United States and Canada may still expand by 50% by 1970 and have considerably more than doubled between now and 1980.

Table II entitled "Consumption of Industrial Materials as a Per Cent of the Combined Output of Goods and Services in Canada and the United States, 1926-1980" outlines what has been happening and what overall trends may be in effect hereafter:

It is interesting to note that the mineral fuels are lagging somewhat, and wood products like lumber and fuelwood falling substantially, behind our output of all other goods and services. The nonfuel minerals, as a group seem to be holding their own as are pulps and papers. As for "growth items" like natural gas, nickel, gypsum, and potash; these are often the same ones which are readily available in Canada. Not only do we possess large reserves but transportation costs and other regional considerations suggest that our export surpluses will be increasingly welcome in nearby areas of the United States. Technological developments could, of course, speed up the introduction of such lesser known elements as titanium, uranium, thorium, lithium, selenium, the platinum group of metals and helium. They too rank high on the list of potential Canadian exports.

Table III, headed "Annual Growth Rates for Selected Industrial Materials, 1926-1980," brings out more clearly the relationship between future demands on this continent and Canada's present contribution as a supplier of raw materials. Even in going part way towards meeting these projected requirements our exports would have to be expanded by a minimum of two to well over a hundredfold.

Having ventured so far out into the unknown I must hasten to add that these estimates do not really qualify as predictions of the future. They are orders of magnitude only. Also, they are more descriptive of current long term trends than of conditions which

TABLE II

Consumption of Industrial Materials as a Percent of the Combined Output of Goods and Services in Canada and the United States, 1926 - 1980

	1926-28	1947-49	1955-57	1980
	Average			
Mineral Fuels	3.2%	3.1%	3.0%	2.9%
Other Minerals	1.3	1.3	1.3	1.3
Forest Products*	1.7	1.1	0.9	0.6
Total Materials	6.2%	5.5%	5.2%	4.8%

*Including Sawlogs and Fuelwood. Ratios for Forest Products excluding Sawlogs and Firewood are 0.4, 0.3, 0.3 and 0.3, respectively. Those for Total Materials exclusive of Sawlogs and Fuelwood would be approximately 4.9, 4.7 and 4.6 respectively.

we may, as a result of good management, actually encounter in the future.

Nor am I ignorant of the fact that most forecasts are outdated by decisions taken after they have served their purpose. It may therefore be appropriate to repeat a little ditty which could be said to have a bearing on forecasting in general:

"Works of others oft remind us
As we o'er their pages turn
That we too have left behind us
Letters that we ought to burn."

Being Priced Out of World Markets

A question which has been bothering Canadians very much of late can be simply phrased. It is this: "Are we, in fact, pricing ourselves out of world markets?" Certainly our costs are rising. Overseas competition, we know, is growing keener. Other countries now seem to be capable of producing goods which were formerly made only on this continent. It therefore comes as something of a shock, after many years of having things more or less our own way, to find other nations beating us at our own game. Aided by modern plants and with comparatively low wage rates, they are gradually winning back some of the ground which they lost as a result of World War II. Some of us—if we gave it much thought—even expected this to happen. But the changes which are coming about as a result of this foreign competition are painful. They could therefore result, at the very least in a resurgence of protectionist sentiment.

What I have been saying applies more particularly to manufactured goods. Raw and semi-processed materials, because of their relatively low labor content, are not as vulnerable to overseas competition. Canada can at least hope to sell more industrial materials to a prosperous Europe. Some of the surplus capacity which the United States is unwilling to take up at the present time may be put to work in this way. But the fact remains, that we will have to compete and compete effectively, in markets whose cost structure is quite different from that of our own.

Some statistics may be worth quoting in this connection. The Canadian wholesale price index for raw and partially manufactured materials is no higher now than it was in 1950[2]. Even the price of Canadian lumber is about the same as it was eight years ago. Pulps and certain of our byproduct chemicals and non-ferrous metals have actually gone down. In only a few export categories have our prices shown a persistent tendency to drift upwards. In a great majority of cases they fell back after the first impact of the Korean war had worn off and have remained relatively stable ever since.

Manufacturing Has Had Price Rise

The fact that Canada's resource industries have generally been able to meet these price schedules and, at the same time, make enough money to go on expanding and modernizing their plant and equipment speaks volumes. Rising costs, particularly on the labor front, have been offset by natural (resource type) advantages and the adoption of the latest types of plant equipment. Factories making many of our more highly manufactured goods have not been quite so fortunate. As in the United States they are now faced with import competition in which wage rates, hours of work, and fringe benefits are more decisive factors in determining who will get a larger slice of our own domestic market.

Since 1945 hourly earnings in both Canada and the United States have risen about twice as fast as the productivity of labor. In three out of every four years, the average hourly compensation paid by private industry increased more than did the output of the men and women employed in most types of industrial activity. Obviously, with unit labor costs rising much faster than the output of our total economy, year after year, something has had to give. The result has been irregular upward adjustments in our North American price structure.

Nor does the tendency of organized labour to push up wage costs and general increases in money incomes depend, entirely, upon the attainment of full employment. We have had, in 1954 and again in 1958, abundant evidence to suggest that wage increases will be sought, and substantial increases granted, when more than 5% of our North American labour force was unemployed. This cost-push type of inflation is, therefore, likely to survive moderate slumps in business activity. Whether this persistent drive towards higher prices will be blunted by more prolonged periods of unemployment of course remains to be seen.

Examines Several Alternative Cures

Several steps may be taken to lessen the impact of our postwar type of economic growth upon prices. It has been suggested, for example, that the Canadian government should make a more determined attempt to reach stability by restricting credit. This policy could increase unemployment in the short run and, to this extent at least, subordinate economic growth to the attainment of a relatively stable price level. I, personally, think that there are other alternatives which can be pursued with greater benefit to the majority of our people.

One is to maintain, or even reduce, the tariffs which Canada now imposes upon manufactured and other goods being offered from abroad. Foreign competition will make it more difficult for our Canadian firms to pass on increases in labor costs to Canadian consumers. In this way, it would stiffen the resistance of our Canadian employers to wage demands and, to some degree, reduce the tendency for rising wages to push up the prices of Canadian produced goods.

I say this, bearing in mind that our foreign competitors have similar problems on their hands. Generally speaking, prices abroad have been rising faster than on this continent. Between 1950 and 1958, the wholesale prices index in France and Australia went up by more than 50%. In Japan, it rose by about 40%. West Germany has reported a 25% rise, while the Scandinavian countries fell in the 15 to 20% range. Wholesale prices in the United States rose by about 15% between 1950 and 1958. The corresponding figure for Canada was more like 8%. Table IV gives us further evidence of the fact that inflation has, by no means, been confined to the United States and Canada. Our countries are just about the bottom of the list where increases in consumer prices indices are concerned. Only Germany, Belgium and Ceylon have a better record and the difference is only one of degree.

No one knows, of course, whether prices in other industrial countries will continue to rise faster than they will in Canada and the United States. But, as they will have to compete more with each other, and since they are all subject to influences such as trade union movements and a popular demand for social services, it seems likely that they, too, will experience some measure of inflation over the next decade or so.

It is sometimes suggested that creeping inflation will eventually percipitate a "flight from the dollar." We might well ask "Where is the money to go?" Every country that I know of has experienced a similar or even greater measure of inflation during the past 10 or 15 years. Besides, other nations could encounter economic and political problems at least as formidable as those which are likely to confront Canadians. Do American investors now prefer to place more of their capital in Western Europe? If the answer is "Yes" (and the published statistics do not indicate any marked shift in this direction), it applies to different areas of investment. Manufacturing concerns which are normally headquartered in the United States and wish to tap the markets of Western Europe, may have no other course but to build new plants there. Other firms whose interests lie more in the direction of industrial materials are in a different category. They will probably go on putting their money into Canada because they have confidence in Canada's political stability and because they know that our dollar is sound.

Finds Flexible Exhange Rate Advantageous

Finally, I would like to say something about our flexible exchange rate and the value of the Canadian dollar. Should it happen that Canada began seriously to "price herself out of her export markets," then the demand for our money would decline. Fewer people would want to take it and use it for buying exports while Canadians would still be offering our dollars in exchange for other currencies, their intention being to purchase imports which we need at home. In other words, Canadians would be trying to unload more dollars than people in other countries would be prepared to take. The result, in all likelihood, would be a decline in the value of the Canadian dollar itself. It would fall relative to other currencies; to the United States dollar, to the pound sterling, and to the franc. As it fell, the price of our Canadian exports, measured in these other currencies, would look more attractive to importers in other countries. At some point they would begin to buy again and the prices they would be prepared to pay would, under the newly established rates of exchange, look good to Canadians exporters as well.

In other words, a flexible exchange rate can provide us Canadians with a useful mechanism whereby an awkward cost inflation at home could still be tolerated abroad. Other countries, I am convinced, will still want to buy our goods. We, for our part, may find ourselves less able to

2 The Canadian price index for Raw and Partially Manufactured Goods was 196.3 in 1948, 212.8 in 1950, 218.7 in 1952, 204.8 in 1954, 215.8 in 1956, 209.3 in 1958, and is now 208.8.

TABLE I

Annual Growth Rates

Country	Productivity 1	Labor Force	National Output: Constant Dollars	National Output: Inflated 2 Dollars
Canada	2.0 – 3.0%	2.5%	4.5 – 5.5%	6.5 – 8.5%
United States	2.0 – 2.5	1.7	3.8 – 4.3	5.8 – 7.3

1 Per man year.
2 Assuming inflation to the extent of 2% to 3% a year.

TABLE IV

Cost-of-Living Indexes in Local Currencies

(1948=100)

	1938	1948	1953	1958
Bolivia	19	100	429	10,725
Chile	23	100	256	1,925
Argentina	49	100	324	703
Brazil	24	100	162	386
Israel	30	100	208	289
Peru	30	100	165	224
Mexico	31	100	142	211
Greece	0.4	100	160	210
Australia	69	100	178	205
Turkey	29	100	113	194
Spain	34	100	127	178
France	6	100	144	174
Japan	0.6	100	160	174
New Zealand	72	100	134	159
Norway	63	100	136	159
United Kingdom	57	100	130	155
Iran	15	100	107	150
Union of So. Africa	68	100	130	148
Denmark	60	100	126	147
Italy	2	100	117	132
Canada	66	100	119	129
Sweden	61	100	104	124
United States	59	100	111	120
Germany	64	100	108	119
Belgium	27	100	106	114
Ceylon	40	100	110	113

SOURCE: United Nations, "Monthly Bulletin of Statistics," December, 1955, and International Monetary Fund, "International Financial Statistics," May, 1959.

TABLE III

Annual Growth Rates for Selected Industrial Materials* For Canada and the United States Combined 1926-1980

Commodity	1926-57	1947-57	1955-80	1980 Requirements: Times Current Consumption†	1980 Requirements: Times Canadian Production‡
Mineral Fuels:					
Coal	—1.0%	—2.5%	3.0%	2.0	77
Crude Oil	5.0	5.5	3.8	2.5	43
Natural Gas	7.0	9.0	5.0	3.2	136
Other Minerals:					
Iron Ore	2.5%	3.5%	3.3%	2.2	14
Nickel	6.0	5.5	5.0	3.2	2
Aluminum	8.5	8.5	7.5	5.7	15
Copper	2.5	2.5	2.5	1.8	7
Lead	0.5	—0.5	1.5	1.3	5
Zinc	1.5	3.0	2.5	1.8	5
Asbestos	4.0	2.5	3.0	2.0	2
Fluorspar	4.0	6.0	5.0	3.2	31
Gypsum	3.0	6.0	4.5	2.9	10
Potash	6.5	8.0	5.0	3.2	100+
Sulphur	4.0	4.0	4.0	2.7	21
Forest Products:					
Fuelwood	—1.5%	—2.0%	—2.0%	0.6	10
Lumber	0.5	1.0	1.2	1.3	8
Plywood	6.0	12.5	4.5	2.9	18
Woodpulp	4.5	5.5	4.5	2.7	8
Paper Products	4.0	4.5	4.0	2.7	12
Total Materials	2.7%	4.0%	4.0%	2.6	--

*This table applies to Canada and the United States taken together. Also it is concerned only with consumption; not how the combined requirements of Canada and the United States are supplied.

†Total requirements of Canada and the United States in 1980 divided by 1955-57 average consumption.

‡Total requirements of Canada and the United States divided by Canadian production in 1959. The latter, of course, includes production for overseas markets.

afford their imports and take less of their production in return.

These rambling comments may not be sufficient to convince the reader that:

(a) Our Canadian economy will go on growing as rapidly as it has done in recent years; or

(b) That we Canadians have little to worry about when it comes to a matter of costs.

But I do hope that I have made one point. It is that Canada's future prosperity is intimately bound up with that of the United States. A freer exchange of goods can be to our mutual advantage. The policies which Americans adopt in this connection will have an important influence on both the character and the productivity of Canadian industry. In recent years we have seen various European countries combining with a view to attaining similar objectives. I see no good reason why, with a little understanding and imagination, Canadians will not find their world a more tolerable place to live in and Americans, a thoroughly reliable source of supply.

***An address by Mr. Davis before 44th Annual Meeting of the National Industrial Conference Board, New York City.**

Expansion of NYSE Studied

Keith Funston, President of the New York Stock Exchange, has announced that studies of physical expansion of the Exchange have been broadened to include the possibility of relocation of the Exchange itself.

In his quarterly report, Mr. Funston said that "preliminary architectural studies raise a serious question as to whether or not expansion into the 20 Broad Street building is an economical solution at anticipated volume levels." Twenty Broad Street directly adjoins the Exchange and now houses some Exchange facilities.

Mr. Funston indicated that the Exchange's decision regarding a new location will be influenced by two factors in particular:

First, anticipated volume levels;

Second, the tax climate in New York City and State.

Exchange estimates, he said, anticipate the possibility of a 50% increase in share volume by 1970, doubling of volume within the next 20 years, and "average" days at the eight-million-share level by 1990. Average daily volume now hovers around the three-million mark—exactly three million in the first quarter of this year and 3.2 million in the second quarter, both this year and last.

Mr. Funston emphasized the need to review and revise that state stock transfer tax and the city tax on gross income of financial businesses, if the securities industry's growth in New York is to keep pace with its growth elsewhere.

He also announced that the Exchange has meanwhile consolidated the ownership of its present properties by purchasing the land at the corner of Wall and Broad Streets for $1.6 million. This parcel, leased since 1920, underlies approximately half of the 11 Wall Street building that houses the part of the trading floor known as the "garage." The Exchange now owns the land in the entire block bounded by Wall, Broad and New Streets and Exchange Place. The southerly end of the block is leased to the company that owns the 20 Broad Street building.

Other highlights of the second quarter report include:

Sixteen new common stocks were admitted to trading, bringing new listings for the first half of 1960 to a total of 30—the largest number for any six-month period in the last quarter century. The half-year figure exceeds total annual original new listings for 21 out of the last 25 years.

A recent survey indicates that the Investors' Information Program, conducted throughout the country in conjunction with member firms, is now reaching close to a million people fact-to-face annually—double previous estimates. The survey covered some 2,500 member firm speakers participating in the program. Each speaker was found to have averaged 12.5 lectures during the year. And these figures do not include radio and television appearances.

First of a serious of training conferences of high school teachers in Metropolitan New York was held at the Exchange to discuss classroom methods of teaching investment principles.

Net revenues for the first half totaled $721,000, against $1,088,299 in the comparable 1959 period. This was due to lower gross revenues (reflecting lower trading volume) and higher expenses (primarily reflecting wage adjustments made in May last year).

Inv. Diversified Elects Officers

MINNEAPOLIS, Minn.—W. Grady Clark has been elected President of Investors Diversified Services, Inc., Investors Building. He has been senior Vice-President since Feb. 3, 1959 and a member of the board since April 19.

At the board of directors meeting, Joseph M. Fitzsimmons, former President, was appointed to Chairman of the Investment Committee of Investors Diversified Services.

At the same meeting, the directors elected Clifford H. Ramsdell to the office of Vice-President-Staff.

L. W. Cole With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn. — Lyman W. Cole, Jr. has become associated with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Rand Tower. Mr. Cole was formerly in the municipal department of Kalman & Company, Inc.

Guaranty Bond & Secs.

NASHVILLE, Tenn. — Guaranty Bond & Securities Corporation has opened offices at 1812 Belmont Boulevard to engage in a securities business. Officers are H. Jere Huey, President; H. J. Huey, Sr., Vice-President; and Edwin E. Huey, Secretary-Treasurer.

With Bateman, Eichler

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — George M. Burke has been added to the staff of Bateman, Eichler & Co., 453 South Spring Street, members of the Pacific Coast Stock Exchange. He was formerly with Mitchum, Jones & Templeton.

Two With Cruttenden

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Alan S. Newman and Sam C. Mozer have become associated with Cruttenden, Podesta & Co., 818 Seventeenth St. Mr. Newman was formerly with Boettcher and Company. Mr. Mozer was with Peters, Writer & Christensen, Inc.

Joins Kidder, Peabody

(Special to THE FINANCIAL CHRONICLE)

BOSTON, MASS. — William M. Croft has joined the staff of Kidder, Peabody & Co., 75 Federal Street.

With J. C. Flax

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Thomas A. Taylor is now connected with J. Clayton Flax & Co., 1562 Main St.

Whither British Economy?

By Paul Einzig

Correspondent sizes up the factors responsible for the London Stock Exchange's gloom. One of the factors is the uncertainty about Britain's future economic course. This uncertainty is due to be resolved in a week or two when a new Chancellor of the Exchequer is expected to be appointed. The successor to Mr. Amory should indicate whether an easy or a hard monetary policy will be pursued and whether government spending will go up or down.

LONDON, England—The striking increase in the adverse trade balance in June, largely as a result of the inadequacy of exports in face of a sharp rise in imports, clearly shows that Mr. Amory was right in authorizing the Bank of England to raise its rediscount rate to 6%. It is true, he had no means of knowing how the June figures would shape out at a time when he had to take his decision. Although the authorities get approximate trade figures before the final figures become available to the public, there is inevitably a time lag between any change in the balance of payments position and the realization of the extent of the change by those responsible for policy decisions. But the trend on the foreign exchange market must have indicated which way the wind was blowing.

The deterioration of the foreign trade position is rather perturbing. Coming as it does on top of the international political troubles and other disturbing developments, it cast fresh gloom on the Stock Exchange. Quite evidently, sterling's firmness was due to the influx of funds from New York, attracted by high interest rates in London. In other words, the trade gap is being covered by short-term external credits of the kind that are liable to be withdrawn at any moment. In such circumstances the prospects of an early reduction of the Bank Rate must be written off. Indeed if the trade figures for the next month or two should be as bad as those of June we have to envisage an increase of the Bank Rate before it can be reduced.

The trouble is that the high Bank Rate does not seem to have affected the pressure for higher wages and shorter hours which continues unabated. Several strikes are proceeding at the time of writing, and one big trade union after another passes resolutions to put forward excessive wage demands regardless of the economic situation. This is at the root of Britain's economic troubles — the widespread conception that workers are entitled to their annual wage increases irrespective of whether there has been an increase of the output and of the productivity to justify it. Yet at the economic debate that took place on July 11 in the House of Commons this factor in the situation was barely mentioned.

Appointment Will Resolve Uncertainty

There is a certain amount of uncertainty about the future course of British economic policy. Within the next week or two the Prime Minister will have to appoint a successor to Mr. Amory, and his choice of the new Chancellor of the Exchequer will give some vague indication whether monetary policy will be harder or softer. Of course supporters of sound finance would like to see back Mr. Thorneycroft who resigned two and one-half years ago because he refused to agree to an increase of public expenditure by £50 million. This year's increase was £340 million, not counting the unforeseen Supplementary Estimates, which fact speaks for itself.

It seems unlikely that Mr. Macmillan would want him back, because it is probable that Mr. Thorneycroft would rigidly resist once more the increase of expenditure.

Most of the names that are tipped for the Exchequer are those of weakish men who are likely to take the line of least resistance to pressure by departmental Ministers for higher expenditure. Some of them are weaker than others, and if the Prime Minister should choose someone notoriously weak it might easily give rise to anticipation of inflation.

Whoever will be in charge will have to contend with the basic difficulty of overfull employment. The proportion of unemployed is now about 1½%, but this figure is misleading, because it includes certain areas with high local unemployment. Apart from these districts there is distinct overfull employment in most of the country. Employers are competing once more for the scarce labor, like they did before 1957. Wage increases are conceded too lightly. So long as such conditions continue to prevail the British economy will remain vulnerable and will continue to fluctuate between recession and inflationary boom, with a very narrow margin between them. As soon as the country has recovered from the recession of 1957-58 brought about by the drastic measures taken to save the pound, it was already heading for inflation, with hardly any stable interval between the two extremes.

The remedy would lie in a policy that allows for an unemployment of at least 2%. As soon as the proportion declines below that figure industry is faced with another round of excessive demands, and resistance to them weakens. But in this country unemployment, like the possession of nuclear weapon or the granting of immediate independence to backward colonies has become an emotional issue. The present government at any rate would rather put up with the ups and downs of the three-year business cycles than achieve stability and progress at the cost of a 2% unemployment.

The trouble is that not enough is done to reduce local unemployment in the special areas. If 1½% unemployment were more evenly spread it might go some way towards moderating inflationary wage demands.

Friedman & Co. Opens

JERICHO, N. Y. — Friedman & Co., Inc. has been formed with offices at 274 Birchwood Park Drive, to engage in a securities business. Officers are Albert Friedman, President; and C. M. Friedman, Vice-President and Secretary.

D. B. Howe Forms Co.

MEMPHIS, Tenn. — Dwight B. Howe is conducting an investment business from offices at 3795 Kenwood Avenue under the firm name of D. B. Howe & Company. Mr. Howe was formerly a partner in Howe-Kreunen Company.

W. R. Staats Adds

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—James C. Liston has become affiliated with William R. Staats & Co., 205 Town & Country Village. He was formerly with Irving Lundborg & Co.

Joins First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Frank S. Reed has joined the staff of First California Company, 300 Montgomery Street. He was formerly with Stewart, Eubanks, Meyerson & Co.

"Special Situations" in Today's Stock Market

Continued from page 3

orders are up, and substantial future production on three new military planes is planned. A $149 million Navy order was received in March. Annual dividend rate is $1.50. Grumman is experiencing increased work and research in missile, electronics and space fields. Because the stock of "GQ" is now around a new high for three years, one would have to say that the chart picture and tape action are favorable.

(3) **American Optical:** This big company in the optical field is famous for lenses, eye-glasses, etc. However, "AOC" has acquired new glamour because of certain "space age" items. For example, there are a lot of exciting developments in fiber optics. These are tiny optical threads that can see around corners and into inaccessible places. An ultra-high-speed camera lens made from these fibers is being constructed. Also, the optical field is experiencing growth in lenses for spy-in-the-sky satellites, for aerial cameras, and for optical systems to track missiles. Company also makes precision equipment for the dental profession and for dental laboratories. There are about 800,000 shares outstanding. Net for 1960 could run around $3.90 vs. $3.55 last year, it would seem. "AOC" stock this year has ranged between an all-time high of 67 and a low of 43¼. Purchases might be made for speculative purposes on moderate price dips.

(4) **Sperry Rand:** As you know, Sperry Rand is one of the world's largest military electronics producers, including a wide range of items for missiles, aircraft, space ships, radar, weapons systems, computers, instruments, etc. Military backlog is about $628 million, but could expand further as "space age" spending increases. In the field of electronic computers and data processing equipment, Sperry's "UNIVAC" division ranks second to I. B. M. Of course, it is far smaller than I. B. M., but does boast a backlog of $228 million in this field. Among UNIVAC's executives are some former I. B. M. officials. Sperry Rand saw its profit for year ended March, 1960, rise to $1.30 against 96 cents in the preceding year. Dividend is 80 cents a year. Tape and chart action are reasonably good, and "SY" stock should at least equal last year's high of 28¼, if the general market puts on a better performance.

(5) **Martin Co.:** Martin stock is speculative of course, but this missile, space age and electronics giant could earn about $4.75 this year, up from the $4.34 of 1959. Main project is the Titan intercontinental ballistic missile. The Dyna-Soar space project is shared with Boeing. About 15% of General Precision Equipment common stock is owned. Martin boasts 7,000 engineers, of whom 3,500 are electronics specialists. Nuclear work is on the increase. Last year, Martin flew a group of New York Security Analysts out to Denver, then way down to Cape Canaveral in Florida, and back home to New York. Price range of "ML" stock for 1959-1960 has been 62¾ high, and 32⅜ low. The issue has been performing rather well on the tape, despite the "poor" general market.

(6) **General Precision Equipment:** I have in my hand here a beautiful, illustrated booklet just mailed out by this company, portraying its various roles in electronics, space work, air traffic control, missile guidance, satellites, etc. Military backlog is up to about $200 million vs. $170 million six months ago. Total defense billings could reach $200 million this year vs. $157 million in 1959, with a major portion of the increase coming from navigation and guidance components. Profit might reach $3.50 this year vs. $2.63 in 1959. Company owns a 50% interest in Royal Precision, a maker of electronic computers, and the latter has delivered over 400 computers to date, and backlog is at a new top. General Precision Equipment stock (symbol "GPE") fluctuates in a volatile manner, and the 1959-1960 high has been 66⅝, and the low 44¼. Martin Co., discussed previously, holds 15% of "GPE" common.

(7) **Daystrom:** About 90% of sales of "DYM" are now in electronics, automation, electrical equipment, electronic instruments, etc. Daystrom earned $2.48 in year ended March, 1960, and this was a considerable increase over the $1.32 (before write-off) of the preceding year. Daystrom thinks sales for the current year to end March, 1961, will soar to a new record of well over $100 million vs. $90 million in the preceding 12 months. Defense work is substantial and there is broad coverage in missile and space fields with components and sub-systems for 17 projects, including "Mercury" man-in-orbit. There is a complex electronic computer control systems for electric utilities, but this division is not yet profitable due to heavy research and development outlays. "DYM" stock, so far in 1960, has had a high of 49¾, and a bottom of 35¾.

(8) **Radio Corp.:** "RCA" is sometimes referred to as "dean of the electronics stocks." This enterprise is a big military contractor, with considerable diversification in such areas as missiles, missile warning systems, communications, radar, etc. "RCA" is a prime contractor on "BMEWS," the Ballistic Missile Early Warning System, and is associated with International Telephone in a program to modernize and expand the world-wide U. S. Air Force communications network. Very large sums are being spent on the development of electronic computers and data systems for the civilian market, and hence, this activity probably won't show a bookkeeping profit until about 1962 or 1963. Earnings this year could approach the $2.59 of 1959, if the last half of 1960 should turn out well. First half results were below a year ago. "RCA" has just called all of its convertible debentures, and these are exchangeable into common stock at about $49 a share. This throws about 1,700,000 more common shares on the market, on top of the 14,400,000 previously outstanding, a dilution of about 12%. Range of "RCA" stock so far this year has been 78⅜ high, and 59½ low. New financing may be attempted later on, but how much of this might be debt, and how much equity is not known.

(9) **Garrett Corp.:** "GAR" stock is governed by a prospectus, which states that profit for the 11 months ended May, 1960 came to $4.32 a share against $3.38 in the similar period a year ago. Dividend has been $2 a year plus certain extras in stock or cash. Price range so far in 1960 is 54⅞ high and 44 low. Garrett is a leader in equipment for aircraft, missiles and space projects, and participates in 27 missile programs. Work includes, among other things, pressure and temperature controls for aircraft and space vehicles, as well as systems for X-15 rocket plane and for Project Mercury. Some atomic energy contracts are held, including a nuclear power unit for a space ship. Outstanding debentures are convertible into common at $44.66 per share.

(10) **Anderson Clayton:** "AYL" is a very big company, which operates world-wide in cotton, vegetable oils, and coffee, and also makes food products in this country and abroad. There are substantial activities abroad, including Latin America. Anderson Clayton appears to have had a very excellent year in the fiscal year to end July 31, 1960, because this nation's cotton exports for the past 12 months have run more than double a year ago. Possibly, "AYL" stock earned $5 or more, maybe up to $5.50 for the fiscal year ending this month vs. $3.77. Over the years, the profits trend runs up and down like an elevator. Book value has zoomed to $60 a share against $39 10 years ago. Dividend is $2 a year.

"Honorable Mention" Prospects

In addition to the 10 speculative stocks just reviewed, here are 12 more to which I would like to give an "honorable mention."

They are: **American Seating** (which should benefit when the school construction bill passes either next month or next year—although as a "trader" I would take a profit in the stock immediately when "good news" of such passage is flashed over the news wires).

Second is **Avco** (a speculative low-priced stock, whose first half of 1960 profit was up a bit). Next is **Northrop,** whose electronics work and know-how is rapidly on the increase.

Then, I will name **Ryan Aeronautical,** where alert management is beginning to cash in on electronics and space work. Next is **Hazeltine Corp.,** a veteran electronics company on the American Stock Exchange, which is laboring on several, vital defense projects.

The 6th issue is **General Controls.** Seventh is **Philip Morris** (which is expanding into several other lines of business). Eighth will be **Lear.** Lear is a defense contractor, mostly, and I would make any "trading" purchases on dips. Two more stocks are **North American Aviation** and **Cluett Peabody.**

Next on the "honorable mention" list is **Twentieth Century-Fox** because of its Los Angeles area real estate holdings, which are being sold, as well as its valuable post - 1948 "movies," which will undoubtedly be leased to TV at some time in the future.

Last, but not least, I will mention **Union Oil of California,** which states that its 1960 profit should increase to about $3.50 vs. $3.22 last year. Union recently doubled quarterly dividend to 50 cents from 25 cents previously. Company's sales and reserves of natural gas are at record levels. Both Gulf Oil and Phillips Petroleum have made large investments in Union Oil, the former in the convertible debentures, and the latter in the common stock.

In conclusion, I hope that I have given you some ideas on speculative stocks. Please be sure to give them further study. The order in which they were discussed does not necessarily indicate my preferences. Obviously, the "merchandise is not guaranteed." I do promise, however, that the "merchandise" will fluctuate.

*An address by Mr. Grimm before the New York Association of Customers' Brokers, New York City, July 12, 1960.

Equitable Securities Boston Branch

BOSTON, Mass.—Equitable Securities Corporation has opened a branch office at 75 Federal Street under the management of Walter H. Singleton. E. Norman Peterson, Jr. is associated with the new office as registered representative.

Texas Nat'l Branch

NEW BRAUNSFELS, Tex.—Texas National Corporation has opened a branch office at 131 West San Antonio Street under the management of Gerald E. Haag.

THE MARKET . . . AND YOU

BY WALLACE STREETE

The market continues to act poorly in the face of the uncertainty of the international news and the clouded business outlook. The volume has been light and there does not appear to be any wholesale liquidation taking place. In fact the general concensus on the street seems to be that there will not be any major downward movement at this time. With the nation moving toward a Presidential election in the fall, interest in business is sure to be kept up as the two candidates "out promise" each other, and as general pressure builds up for increasing our military strength.

Concern Over Steel

As an industry, steel continues to cause the most concern. One source indicates that although this industry is operating at a 52% rate, the actual use of steel by manufacturers throughout the country is equal to a 70% operating rate. The conclusion drawn was that some time in August inventories would be run down to a point where there would be a sharp upswing in the steel rate which would carry on well through the end of the year.

In another statistical review, however, the viewpoint expressed was that inventories were far from depleted. In fact, speaking of the automobile industry which as a whole uses about 30% of all steel shipped, mention was made of the fact that several companies had asked steel mills to delay shipments of steel that they would normally have taken title to in August and September to late October, which would certainly preclude any worthwhile pickup in the steel production rate before that time. One might even theorize under this basis that any deliveries in October would be predicated on how the 1961 lines would be doing. By that time we ought to know, as most companies are expecting an early introduction of the 1961 cars. With over a million unsold 1960 automobiles in dealers hands, it can be reasoned that there is some question as to how successful the marketing will be on the new cars.

It was announced over the last week end that the retail sales across the nation have reached a new peak. This is the most encouraging aspect of our economic situation and it seems to indicate that the public as yet is not too disturbed by the drop in heavy goods production.

Attractive Special Situation

Although investors are becoming more cautious, there are still many attractive special situations that are and should continue to do better than the general market. One group that has done very well but as yet has not received too much recognition is the toy industry. With the baby boom that is going on, this industry would seem to have a built-in growth factor. The industry as a whole has moved out of the "toy shop" concept to a point where every gas station, general store and super market is an outlet.

A company like Mattel, which is presently traded in the Over-the-Counter market, makes a wide variety of toys that are sold in this manner. In 1959 the company sold over two million of its plastic replicas of its Frontier Rifle. The company also makes plastic revolvers, musical toys and dolls and accessories. This year the company is introducing what is believed to be the first talking doll in the industry by the name of "Chatty Kathy." They also market small guitars such as the "Mousegetar Jr" which is plugged regularly from the Mickey Mouse Club on television. Earnings have grown from 3 cents a share in 1956 to $1.04 in the fiscal year ended Feb. 27, 1960. Several sources have estimated that earnings this year will be in the neighborhood of $1.40 to $1.50. The stock sells at $16.00 a share and there are a million shares outstanding. However, there are only 300,000 in public hands. The company plans to pay its first dividend of 15 cents in September.

Another company in the industry which is worth a look is A. C. Gilbert, traded on the American Stock Exchange. This company has a record of steadily increasing sales over the last few years. There are only 300,000 shares outstanding and the financial position as a company is extremely strong. The company manufactures the well known American Flyer railroad trains. They also make a wide range of scientific toys such as an observatory sextant and a small radio construction kit. Another popular item is their toy microscope. Here again growth has been steady over the last few years and there is every indication to believe that it will continue.

The Small Business Fliers

Another group that led the market earlier this year and which for the last three months has been somewhat out of favor are the small business plane manufacturers such as Beech, Piper and Cessna.

General aviation includes all flying that is done by business and industry, agriculture, air taxi, constructions, survey and patrol and all non-business personal use. Today there are about 70,000 of these planes flying and it is estimated that this figure will double in the next 15 years. By far the largest single segment within this group is business flying. Ten years ago there were 15,000 registered business planes. Five years ago there were 18,600 and in this current year it is estimated that there are 31,500. This active business fleet today far exceeds the total number of domestic air liners (1,900) and military aircraft (22,000) and the industry feels that the surface of this industry has just been scratched.

Since World War II American industry has tended to decentralize from the largest cities. The largest growth seems to have taken place in the South, Southwest and West. Many of the communities that industry has moved to are not served by any commercial air line, of if they are served, may have only one or two flights a day. Of the 6,500 registered airports in the country, only 600 are served by the nation's air lines.

The average length of a business flight is said to be 400 miles so that it seems apparent that not only is a corporated plane valuable as a feeder service to those points that are served by commerical air lines but also valuable to by-pass highly populated industrial areas in which surface transportation will take considerably longer time.

Business ownership of aircraft is just being recognized as a way to reach more markets, improve customer service to expand company operations and to increase the efficiency of the productivity of key personnel.

The majority of the business planes that are in use are of the single engine variety which carry four people, but the "Executive Twins," which seat four to eight, are becoming more popular as better instrument and navigational facilities are made available.

The Industry "Big Three"

Of the producers of light "Business Planes," 90% of the output are manufactured by Beech, Piper and Cessna. Beech has a small capitalization of 880,000 shares

and should earn close to $6.00 a share in the current year ended September 30 as against $4.41 in 1959. The company has no preferred stock or debt. During the last year the company doubled its sales force and the current increase in sales figures would seem to be the beginning of a trend for this company which might indicate a higher times earnings ratio than the company has had in the past. It is the only one of the big three which manufactures an executive plane that has a walk around cabin, and a built-in lavatory. It has also recently broadened its product lines so that it can now compete more readily in the lower-price plane markets. About 50% of its business is military but the company has gone to great lengths through the years to lessen its dependency on this segment of its business. Just a few years ago it was as high as 67%.

Piper also seems to be attractive for the long pull. The company has a wide range of business and private aircraft which in each category generally sell at a lower price than its competitors. Of the company's business only about two or three per cent is military. This figure is growing but only because the military establishment is buying its "twin" right off the production line. Sometime late this year or early next the company plans to offer a new "low-wing" all metal replacement for the fabulously successful Tri Pacer. Piper's Comanche, which was first offered just two years ago, has already become the industry's largest selling "heavy" single engined plane. With a strong earnings trend for the future, the company should again set a new record of sales and earnings this year.

Cessna for many years has been the leader of the industry and has led the field growth-wise and earnings-wise. It is just now beginning to feel the competition of the other two but there is no question that the field is large enough for all three to do extremely well. Cessna is the only one of the big three that is continuing to offer their single engine plane with a high wing. There are certain advantages to a low wing in that a wider base can be gotten for the landing gear by putting the wheels within the wing itself, but the high wing seems to be much more popular with the weekend pilot who does most of his navigation from the terrain.

Huge Untapped Market

It is also becoming apparent that the rest of the world is also a huge untapped market. Cessna recently reported that it had the largest export sales in its history in May. With the world wide sales and service organization that the "Big Three" have, they should be able to more than meet any foreign competition. The industry itself is looking for an annual increase of business of between 15% and 20% per year.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Hayden, Stone To Admit Partners

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, and other leading exchanges, will admit Donald Arthur, Jr., Ara A. Cambere, James A. Cunningham, David N. Danielson and Anthony P. Rizzuto to partnership on Aug. 1. Messrs. Cambere, Cunningham and Danielson will make their headquarters in the firm's Chicago office, 141 West Jackson Blvd.

European Wages Still Way Below U. S. Levels

Faster wage rate increase abroad still leaves sizable gap below ours, according to recent Chase Manhattan Bank study.

Wages in Europe are rising faster than in the United States and may well continue to do so, but they are unlikely in the foreseeable future to approach U. S. levels. So says the latest issue of *Report on Western Europe*. The Chase Manhattan Bank's bimonthly survey.

"It would appear unrealistic to count on a wage-price spiral to erode the vigor of European competition in export markets," the bank letter continues. "European unions are not set up to bargain for higher wages as effectively as those in the U. S." Although union leaders there are tightening union organization, building their financial resources, and pressing harder for more pay and shorter hours, "Europe may still be able to keep wage increases roughly in line with the rise in output per worker," according to the publication.

"In the postwar years," the report explains, "large capital investment and technical advances have given Europe large increases in productivity—large enough in many industries to support the rise in wage rates and still give European producers a growing advantage in international markets."

Report on Western Europe cites a new study by the French National Institute of Statistics and Economic Studies which shows that European hourly wage costs still are far below U. S. levels. The U. S. average of $2.68 compares with $1.08 for Sweden, which has the highest, and 57c for the Netherlands, which has the lowest average wage in Western Europe.

With Stroud & Co., Inc.

PHILADELPHIA, Pa. — Luther I. Troutman has become associated with Stroud & Company Incorporated, 123 South Broad Street, members of the Philadelphia-Baltimore Stock Exchange, as a registered representative.

Underwood, Neuhaus Names Webb Reg. Rep.

HOUSTON, Texas — Richard C. Webb has been certified a Registered Representative it has been announced by Underwood, Neuhaus & Co., Incorpoarted, 724 Travis Street, members of the New York Stock Exchange.

Mr. Webb has been associated with the Houston investment banking firm since 1959. Prior to joining the firm he was associated with the Trust Department, Investment Division of the Republic National Bank in Dallas.

J. A. Cross Co.

CORAL GABLES, Fla.—J. A. Cross and Company, is engaging in a securities business from offices at 1702 Ponce de Leon Blvd.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

Mr. A. C. Stousland, Vice-President and head of the International Department of **The Bank of New York**, will retire on July 29th after 21 years of service. Mr. Stousland began his career at the bank in 1939 as an Assistant Treasurer. In 1947 he was made an Assistant Vice-President and the following year he became a Vice-President.


Robert L. Edwards

Mr. Stousland's successor as head of the International Department will be Mr. Robert L. Edwards, Vice-President. Mr. Edwards has served in this department since he joined the bank in 1955.

* * *

The appointment of Thomas Bellinger, John M. Grotheer and Gould R. Kardashian as Vice-Presidents of **The Chase Manhattan Bank, New York,** has been announced by George Champion, President.

Mr. Bellinger, who joined the **Chase National Bank, New York,** in 1951, was appointed Assistant Treasurer in 1955 and advanced to Assistant Vice-President in 1958.

Mr. Grotheer joined the **Bank of the Manhattan Company, New York** in 1946. He was appointed Assistant Trust Officer in 1948, Trust Officer in 1952, and Assistant Vice-President in 1957.

Mr. Kardashian, who joined the **Bank of the Manhattan Company** in 1933, was appointed Assistant Treasurer in 1949 and advanced to Assistant Vice-President in 1955. The appointment of Frank C. Smith to Assistant Treasurer and Gertrude A. E. Starin to Assistant Treasurer also was announced. V. Stevens Hastings was appointed Business Economist.

* * *

Welton H. Hewitt also has been apopinted a Manager in **The Chase Manhattan Bank (South Africa) Ltd.,** it was announced July 18.

Mr. Hewitt joined the **Chase National Bank, New York,** in 1949. He was assigned to the San Juan, Puerto Rico branch in 1950 and was appointed Assistant Manager of the bank's branches in Puerto Rico in 1955, the year of the **Chase National Bank-Bank of the Manhattan Company**, New York merger.

* * *

The promotion of three assistant Vice-Presidents to the rank of Vice-President of **Chemical Bank New York Trust Company, New York,** was announced by Harold H. Helm, Chairman. They are: William G. Fullard, Fiduciary Division; Romeo Balaguer and Arthur C. Krymer, International Division.

Mr. Fullard started his banking career in 1926 with **The New York Trust Company, New York,** which was merged into Chemical Bank New York Trust Company last September. He became Assistant Vice-President in 1953.

Mr. Balaguer, joined Chemical Bank in 1941, where he has served as an Assistant Vice-President since 1955.

Mr. Krymer joined Chemical Bank in 1934 .

The common capital stock of **Bankers Trust Company, New York, New York,** has been increased from $80,599,000 consisting of 8,059,900 shares of the par value of $10 each to $84,600,000 consisting of 8,460,000 shares, of the same par value.

* * *

David A. Merson, has been elected Director of the **Federation Bank & Trust Co., New York.**

* * *

An announcement has been made by Walter E. Van der Waag, President to the effect that the **Meadow Brook National Bank, West Hempstead, L. I.** will open a new banking office in a trailer in the town of Elmont on July 25.

Benjamin M. Barnes, Assistant Vice-President and Manager of Meadow Brook's Albertson, L. I. office, has been named Manager of the Elmont office.

* * *

The National Bank of Argyle, Argyle, N. Y., with assets of $3,600,000, will be merged into **The Manufacturers National Bank of Troy, N. Y.,** with assets of $63,000,000 a **Marine Midland Bank,** subject to approval of the respective bank stockholders and regulatory banking authorities. The propsed merger was announced jointly by the three presidents: Elmer L. Lee, Bank of Argyle; Chester F. Millhouse, Manufacturers National; and Baldwin Maull, Marine Midland Corporation. Directors of both banks and the bank holding company already have approved a plan of merger which provides for the Bank of Argyle stockholders to receive **Marine Midland Corporation** common stock and for the Argyle bank to operate as an office of **Manufacturers National Bank** of Troy.

Included in the tentative plan is the appointment of the present Bank of Argyle's Board of Directors as an Advisory Board to the Troy Marine Midland bank with Elmer L. Lee as Advisory Board Chairman.

On June 8 the Marine Midland bank announced plans for a similar merger with the Salem National Bank.

* * *

The Rutland County National Bank, Rutland, Vt., has been converted into a state bank under the title of **The Rutland County Bank, Rutland, Vt.,** effective as of June 30. The bank has a capital stock of $300,000.

* * *

The Rockland - Atlas National Bank of Boston, Mass., announced the appointment of Edward M. Stone, of Melrose, as an Assistant Vice-President.

He will join the Comptrollers Division of the bank.

* * *

At a special meeting July 12 the shareholders of the **Worcester County National Bank, Worcester, Mass.,** approved the reduction of the par value of Capital Stock from $25 to $10, thus splitting the stock two and one-half for one. This will increase the number of issued and outstanding shares of Capital Stock from 130,000 to 325,000 shares.

The shareholders also voted to authorize the issuance of 32,500 ($10 par stock) to be offered to shareholders at $35 per share in the ratio of one new share for every 10 shares held. This will increase the Capital Stock from $3,250,000 to $3,575,000. The Surplus will be increased by $812,500.

* * *

Guy D. Drake, has been appointed a member of the Advisory Board of the **National State Bank of Newark, Newark, N. J.,** to serve the Airport and Seaport Offices.

* * *

The proposed merger of the **Hudson County National Bank, Jersey City, New Jersey,** and the **Commonwealth Trust Co., Union City, N. J.,** under the name of **The Hudson County Bank** has been approved by the directors of both banks and is subject to the approval of the stockholders and the Comptroller of the Currency.

The bank would have combined resources of $174,500,000. The par value of the **Hudson National Bank** stock would be $10 instead of $25, and additional stock would be exchanged on a share for share basis for Commonwealth stock.

* * *

An offering of 10,000 shares of new capital stock at $40 per share has been announced by **The National Union Bank of Dover, Dover, N. J.**

Stockholders approved the issue at a meeting at the bank on July 19. Warrants have been issued to stockholders at the rate of a right to subscribe to two shares for each nine shares held. Rights expire on Aug. 30, at which time the balance of the issue will be offered to the general public by Stanley R. Ketcham & Co., Inc.

Present capitalization of the bank, is $2,077,992.28, comprising: $900,000 capital stock; $900,000 surplus; $277,992.28 undivided profits. Sale of tte new stock will bring the bank's capitalization to about $2,462,000. The bank's resources now total in excess of $24,000,000.

* * *

BROOKLINE SAVINGS AND TRUST COMPANY, PITTSBURGH, PENN.

	Jun. 30,'60	Dec. 31,'59
Total resources	$38,801,777	$37,662,485
Deposits	33,816,533	32,663,845
Cash & due from banks	4,471,838	3,556,796
U. S. Govt. security holdings	4,958,231	4,958,277
Loans & discounts	23,135,624	22,854,210
Undivided profits	1,280,767	1,188,857

* * *

The common capital stock of the **Central National Bank of Richmond, Richmond, Va.,** has been increased from $3,000,000 to $3,500,000 by a stock dividend, effective July 5. (Number of shares outstanding—175,000 shares, par value $20).

* * *

The Board of Governors of the Federal Reserve System announced that **The Berwind Bank, Berwind, W. Va.,** was absorbed by **The Bank of War, War, W. Va.,** effective July 1.

* * *

John S. Fangboner, President, of **The National City Bank, of Cleveland, Ohio,** July 14 announced several promotions.

Warren J. Crumbine was elevated from Assistant Vice-President to Vice-President.

Paul R. Karl was promoted from Trust Officer to Assistant Vice-President and the following Administrative Assistants were promoted to Trust Operations Officers: Joseph A. Hirka, Edward F. Kloss, Joseph R. O'Neill and Eugene B. Skeebo.

* * *

Waldo E. Pierson, Director, former President and Board Chairman of **The First National Bank of Cincinnati, Cincinnati, Ohio,** was elected July 13 as the First Director Emeritus shortly after he submitted his resignation as an Active Director, according to an announcement made by Reuben B. Hays, Chairman of the Board and Fred A. Dowd, President. Mr. Pierson has served on the Board almost 29 years and retired as Chairman on Dec. 31.

He is succeeded on the Board by his son, Thomas C. Pierson, whose election was also announced. Thomas C. Pierson, Vice-President and head of the Business Research unit has served ths bank since 1946.

* * *

A new Chairman of the Board, two Executive Vice-Presidents, and five Senior Vice-Presidents head a long list of promotions at **Harris Trust and Savings Bank, Chicago, Ill.,** was announced July 13, by Kenneth V. Zwiener, Harris President and Chief Executive Officer.

Stanley G. Harris becomes Chairman of the Board having served as Chairman of the Executive Committee since 1943.

Burton A. Brannen and Donald P. Welles are the new Executive Vice-Presidents. Both had been Senior Vice-Presidents and both are Directors of the bank.

George S. Allen, Harold B. Bray and Charles A. Carey become Senior Vice-Presidents. All had been Harris Vice-Presidents. Hardin H. Hawes, Vice-President, and William O. Heath, Vice-President, were also advanced to Senior Vice-President.

New Vice-Presidents Gerald E. Lage and Richard A. Ramsay. Arthur E. Urick is now Vice-President and Cashier. William MacFarlane and Paul J. Miller were promoted to Vice-President. Philip O. Gentry, Chalkley J. Hambleton and Henry M. Tibbits are new Vice-Presidents, and Beryl W. Sprinkel becomes Vice-President and Economist.

* * *

Lawrence F. Stern, Chairman of the Board of **American National Bank and Trust Company of Chicago, Ill.,** announced July 13 the action of the Board of Directors tion of the Board of Directors promoting two staff members to new official posts.

Rodney O. Daly, Vice-President was given the additional position of Cashier. Mr. Daly joined American National in 1958 with a broad background of management consulting and machine accounting experience.

Leonard I. Green was appointed an Assistant Cashier.

* * *

THE DETROIT BANK AND TRUST COMPANY, DETROIT, MICH.

	Jun. 30,'60	Mar. 31,'60
	$	$
Total resources	958,080,352	951,962,302
Deposits	865,761,967	860,749,930
Cash and due from banks	140,268,357	156,049,370
U. S. Govt. security holdings	221,399,896	222,659,253
Loans & discounts	450,038,700	427,151,945
Undivided profits	13,206,473	12,023,033

* * *

The Directors of **The United States National Bank of Omaha, Nebraska,** announced the election of Mr. Frank P. Fogarty to serve as a member of the Board.

* * *

By a stock dividend, the **Central National Bank of Columbus, Columbus, Nebraska** has increased its common capital stock from $250,000 to $500,000, effective July 8. (Number of shares outstanding, 25,000 shares, par value $20).

* * *

Charles H. Sommer, has been elected a Director of the **St. Louis Union Trust Co., St. Louis, Mo.**

* * *

James M. Kemper, Jr., President, announces the following changes in the Investment Department of **Commerce Trust Co., Kansas City, Mo.:**

Harry F. Mayfield, Assistant Cashier, has been placed in charge of the Municipal Bond Department and George L. Clayton, Assistant Vice-President, has been placed in charge of the Government Bond Department.

* * *

The Board of Directors of **The First National Bank of Memphis, Memphis, Tenn.** announced the election of Mr. William Wooten Mitchell as Executive Vice-President on July 12, 1960.

* * *

The **Citizens & Southern National Bank, Savannah, Ga.** and the **City Bank & Trust Co., Macon, Ga.** are in the process of consolidation, calling for issuance of 2.38 shares of **Citizens & Southern's** stock for each shares of **City Bank** stock.

The plan of **Citizens & Southern** is to offer to its own stockholders rights to subscribe for 66,666 new shares at $35 a share, in ratio of one new share for every 21 owned.

* * *

Mr. Ed C. Leach has been elected a Director of the **U. S. National Bank, Galveston, Texas.**

* * *

The First National Bank in Miles City, Miles City, Montana, has increased its common capital stock from $250,000 to $350,000 by a stock dividend, effective July 6. (Number of shares outstanding—3,500 shares, par value $100).

* * *

By the sale of new stock, **The United States National Bank of San Diego, San Diego, Calif.,** has increased its common capital stock from $3,750,000 to $4,000,000, effective July 5. (Number of shares outstanding — 400,000 shares, par value $10).

* * *

S. Clark Beise President, announced that Vice-President Ernest W. Wakefield has been named Manager of the San Francisco Main Office of **Bank of America, San Francisco, Calif.** succeeding Henry C. Maier whose death occurred last July 10.

Vice-President-Manager Wakefield has been an Officer at the bank's Day and Night and Market-Geary branches. In 1952 he was promoted to Assistant Vice-President at the San Francisco Main Office. His promotion to Vice-President came in January of last year.

Chemical Bank Names 3 V.-Ps.

The promotion of three assistant Vice-Presidents to the rank of Vice-President of Chemical Bank New York Trust Company has



Romeo Balaguer   Arthur C. Krymer

been announced by Harold H. Helm, Chairman. They are: William G. Fullard, Fiduciary Division; Romeo Balaguer and Arthur C. Krymer, International Division.

Mr. Fullard started his banking career in 1926 with The New York Trust Company which was merged into the Chemical Bank New York Trust Company last September. He became assistant Vice-President in 1953. He is in the bank's Custody Department and devotes himself mainly to administration and operations.

Mr. Balaguer after having spent some years in an American bank in Paris, joined Chemical Bank in 1941, where he has served as an assistant Vice-President since 1955. In addition to being in charge of the bank's United Nations Office, he has territorial assignments in the Middle East and North Africa. During the war, Mr. Balaguer served with the OSS and with the Treasury Department in Germany.

Mr. Krymer joined Chemical Bank in 1934, after 12 years of foreign banking experience. As assistant Vice-President, he has been the chief operating officer of the bank's International Division since 1953 and has also served as Chairman of the Committee on Foreign Banking and is a director of the Bankers' Association for Foreign Trade and a member of the Committee on Banking Technique and Practice of the International Chamber of Commerce.

Government and Banking

Continued from page 11

from the overwhelming power of big labor and big business, is another element in this danger. We only recently have seen several examples of increased prices and wages, in the face of declining economic activity. Wage increases should be geared to increased productivity and the gains of labor and industry in increased productivity must be shared with consumers in the form of lower, or at least stable, prices, if we are to halt the wage-price spiral.

Another element of the inflation situation is the fact that a substantial number of the American people, despite several recessions, have been prosperous for a considerable time. Many of them, despite lectures from economists and bankers, have accepted the inevitability of inflation and think they can beat it, although others may not. You and I know that, in the long run, they will be proven wrong. Yet we must admit that exhortations for austerity and thrift in both the public and private sectors of the economy do not have the appeal they once had.

The importance of persuading our own people to exercise restraint is emphasized by another factor—that is, our international balance of payments. During the past 25 years, the United States dollar was basically under-valued in relation to the currencies of the rest of the world. Suddenly, within the past few years, the imbalance between the dollar and major foreign currencies began to be adjusted. In Europe, Canada and Japan, efforts were made to reduce budget deficits and, in some countries, to provide surpluses, which combined with monetary policies, curbed or, at least, diminished the pressures of inflation. In the meantime these nations (some without Foreign Aid help) vastly expanded their own relatively new and low-cost production, resulting in lower imports from the United States. The era of the "dollar shortage" ended, and we began to be concerned about our gold supply and the possibility, however remote, of a devaluation of the dollar. Among the factors in the problem of balancing our payments was the strong trend among major American industries to build new plants abroad, to supply foreign markets formerly supplied from the United States—and, in some cases, even to supply the American market from abroad. This reflected a business judgment as to our competitive position in international trade, and decisions by our own businessmen that production abroad could be more profitable.

Inflation and Exports

In Europe, governments created common markets, the "Inner Six" and the "Outer Seven," indicating a determination to create political-economic entities which would permit large scale production and trade advantages in European markets not shared with us.

While these developments indicated difficulties for the United States, they also demonstrated the absolute necessity of controlling inflation. As Dr. Per Jacobsson, Director of the International Monetary Fund, has said,

"any individual country that embarks upon inflation will do so at much greater risk, for gone are the days when any one country that inflated might hope to be saved by inflation elsewhere. Any country which today permits the price level to go on rising will be exposed to balance of payments difficulties, and also before long, as its competitive power declines, to a deterioration in its employment situation. There has been a growing realization of such dangers, and in more than one country, the possibility of such untoward developments has been cited as an argument in favor of more cautious fiscal and credit policies."

And so it has been in our own country—concern over our international position has been a strong factor in favor of fiscal restraint.

In the meantime, our deficit in balance of payments, of $3.7 billion in 1959, was reduced by a rise in exports in 1960. Experts, however, predict another deficit of from $2.5 to $3.0 billion in 1960, but our gold outflow slowed down from $2.3 billion in 1958, to $1.1 billion in 1959, and to only $96 million in the first four months of 1960. That is the tribute paid by foreign money changers to our present control of inflation.

The commercial banking system will, I hope, continue to be a vital instrument in the monetary policies of the Federal Government. If it continues to grow in importance, bankers' responsibility for participating also grows. Therefore, I urge bankers to pay a greater role on both sides of the relationship—not only in their business of banking, but also in that which is the business of all of us — Government. Bankers, probably least of any group in this country, can afford to let the science of government, or politics, if you please, go by default to others with less to contribute to it and with less awareness of what is involved.

Through studies that have supplemented practical experience, all of you are familiar with the operations of the market places of commerce. It is the nature of their calling to be concerned with fluctuating values of tangible commodities.

But bankers have the responsibilities common to all good citizens to keep yourselves thoroughly informed and actively concerned about the market place of ideas and the things of the spirit.

Is Democracy being sold short? If so, we should know how, by whom and why. Is the stock of Competitive Free Enterprise on the decline? Bankers know as much as anyone about its earnings and dividend record.

To what extent have our liberties been mortgaged? At what rate are they being discounted? Is a spirit of materialism lowering our traditional standard of morality and integrity?

These are the areas into which I would hope to see bankers venture in ever growing numbers, partly because they are men of disciplined and orderly minds, well able to acquit themselves with credit, and partly because they, themselves, long have been the symbol and the target against which Communist propaganda is aimed.

In the Communist line, the United States is money-mad and war-crazy; the "lackeys of Wall Street" manipulate its foreign policy toward war so they can fatten on the profits of blood, and the already bloated bankers direct domestic policy so they can squeeze the last ounce of usury out of the toiling masses.

I would like to see developed among our future bank leaders a passionate and vigorous determination to fight these lies with the truth at every turn.

The role bankers have played in encouraging thrift promoting fiscal stability, financing the orderly growth of industry, underwriting residential construction, fighting inflation, and helping free Americans provide for their own security in old age, is one in which bankers should take great pride.

But this role is not complete until it is broadly understood and widely appreciated. Since it is being distorted by Communist propaganda, it should be corrected by the forceful presentation of its true nature.

Its vital significance in the growth of our economy must be stressed over and over again in the forum that I have called the market place of ideas. You cannot enter this fiercely competitive market without full preparation and sober determination to remain on its trading floor permanently. Once in it, you can never sell your seat and drop out, because each generation personifies a new group of customers shopping for easy answers and unearned increment.

It must be our role to sell them something better, something of enduring value, something that will cost them time and effort but will pay lasting dividends in human progress toward a better and finer world.

Our own commission as salesmen for Democracy will be worth all our effort, all our time, all our energies, we will be buying liberty and freedom for ourselves, our children and for generations yet unborn.

A fight for the preservation of private enterprise and American Constitutional liberty is a fight for the preservation of a form of government based upon the teachings of the Bible. Let us therefore never forget the advice of a great President of the United States:

". . . If our civilization is to survive materially, it must be redeemed spirtually. It can be saved only by becoming imbued with the spirit of Christ and made free and happy by the practices that spring from that spirit. Only thus," said Woodrow Wilson, "can discontent be driven out and the shadows lifted from the road ahead."

*An address by Senator Robertson before the Stenier Graduate School of Banking, Rutgers University, New Brunswick, N. J., June 22, 1960.

Futterman Corp. Secs. Offered

Van Alstyne, Noel & Co. is manager of an underwriting syndicate which offered on July 20 660,000 shares of Futterman Corp.'s class A stock at a price of $12 per share.

It is the company's intention to use $4,679,000 of the net proceeds from the sale of the common shares to acquire certain properties, including Grosvenor House, Seattle, Wash.; Glassmanor Apartments, Glassmanor, Md.; Riverside Manor Motel, Lansing, Mich.; and a leasehold on the Marott Hotel, Indianapolis, Indiana. The uninvested portion of the proceeds will be available for future investment.

The corporation, with headquarters in New York, is engaged in the real estate business, as investors, managers, brokers, and agents in the construction, sale, purchase and lease of properties of all kinds situated within and without the United States; in the acquisition of land at public or private sale or under the provision of such legislation as Title I of the Housing Act of 1949; in mortgaging, financing and refinancing.

The company owns 24 major real estate properties, including office buildings, apartment buildings, hotels and industrial buildings located in New York, Chicago, Washington, D. C., Kansas City, Cincinnati, Akron, Louisville, Tulsa, Stanford, Utica, Miami, Baton Rouge, Grand Rapids, Indianapolis, Sioux City, Arlington and Norfolk. It has contracted to purchase additional properties in Seattle, Lansing, Indianapolis and Washington, D. C.

Upon completion of the current financing, outstanding capitalization of the company will consist of $27,452,036 of mortgages and notes payable; $500,900 of a 10-year non-interest bearing convertible debentures due 1970; 2,254,394 shares of class A stock and 150,000 shares of class B stock.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The money market, in spite of the increased supply which was created through the offering of short-term issues for new money raising and refunding operations, is still on the favorable side because the uncertainty in economic conditions is resulting in an increasing demand for the most liquid Government securities. The improvement in the money market has been carried over to the capital market so that the price advance in not only Government bonds but also non-Federal bonds has been sizeable enough so that long-term issues are being floated at declining yields. This betterment in the capital market will most likely mean that the Treasury in the Aug. 15th refunding will be able to offer either, or both, intermediate and long-term obligations at favorable rates.

Next Treasury Financing in Bond Area?

The money and capital markets in addition to digesting the recently offered short-term issues are taking more than passing notice of what might be offered by the Treasury near the end of the month to take care of the Aug. 15th maturity. The more than $9.5 billion of the 4¾s coming due on Aug. 15th, in the opinion of many money market specialists, will give the Treasury an opportunity to extend the maturity of the Government debt since a good part of this issue should be replaced with obligations having not only a note maturity but also a bond maturity. It is evident that the improvement which has taken place in the capital market will make it easier for the Treasury to sell to investors securities with a due date that should be well along in the bond area.

The fact that the yield on all Treasury issues in the intermediate and long-term sectors are now below the 4% level appears to indicate that the Government should be able to sell notes and bonds at prices which should be favorable to both the Treasury and investors. It is through the sale of longer-term obligations to replace the maturing ones that there is a real extension of the Government debt.

In addition, with the money and capital markets in an uptrend as far as quotations are concerned, it is more than likely that the Treasury will sell issues whether they be intermediate or long-terms with a coupon rate considerably under that of the maturing 4¾% obligation.

Method of Next Financing Debated

As to how the Aug. 15th maturity will be handled from the more or less technical side appears to be open to some question at this time. Will the Treasury pay off the maturing 4¾s and in this way eliminate entirely the "rights" which have been very much of a market factor in previous refunding operations? Will the Treasury again follow the old pattern and give the owners of the maturing issue the first call or preemptive right to accept the refunding obligations or cash? Will the Treasury make it a split picture, one in which the present owners will get some kind of preferred treatment and new investors also being taken into consideration so that the best possible type of distribution will be obtained for the refunding obligations.

The money and capital markets are in a favorable position for this refunding deal of the Treasury and they should be able to get good results with whatever method they use. However, it seems as though the current opinions are that a combination "type" will be used in the coming operation.

Business Trend Suggests Continued Credit Ease

The improvement in the money and capital markets, and the easier trend of interest rates, is tied up very definitely with the course of economic conditions. The pattern of business seems to be moderately on the defensive and, as long as it is moving in that direction, there is quite likely to be continued ease in the money and capital markets. Last week excess or free reserves of the member banks were on the average $210,000,000, the highest since Aug. 27, 1958. However, it should be borne in mind that heavy Government spending, along with a sizeable Federal deficit, would revive the inflation psychology which has not been beneficial in the recent past to the trends in the money and capital markets.

Stein Bros. & Boyce To Admit

BALTIMORE, Md.—Stein Bros. & Boyce, 6 South Calvert Street, members of the New York Stock Exchange, and other leading exchanges, on Aug. 1 will admit John S. Hardin to partnership. Mr. Hardin for many years has been Baltimore manager for Hirsch & Co.

Cryan to Be Sincere Partner

Brendan E. Cryan, member of the American Stock Exchange, will become a partner in Sincere and Company, members of the New York Stock Exchange, on Aug. 1. Mr. Cryan will make his headquarters in New York City.

MUTUAL FUNDS

BY ROBERT E. RICH

An Analyst's Analyst

This department, of course, is primarily concerned with mutual funds, but their siblings, the closed ends, often facing similar problems and opportunities, should not be completely overlooked. Of especial interest to toilers in the financial vineyards is Madison Fund (old Pennroad Corp.), a $141 million non-leveraged, diversified, closed-end investment company. The added interest traces to its able president, Edward A. Merkle.

Mr. Merkle spent more than 20 years of his life as a Wall Street analyst, so when he turned up one day this month to address the New York Society of Security Analysts, it was a kind of old home week. More, it was one of those all too rare chances to hear the business discussed by a tired and true professional.

In a time of unparalleled confusion and idle crystal-ball gazing, managers and investors of mutual funds well might wonder what the studious Mr. Merkle and his mighty Madison Fund have been up to.

Well, he calculated that about 40% of his company's assets were in what he termed defensive-offensive securities. And what is a defensive-offensive stock? Definition: "a company whose earnings are generally not reduced during periods of recession and have inherent growth potentials."

Another 35% of Madison Fund's assets, said Mr. Merkle, were in growth equities. And here he includes certain utilities. The remaining 25% is widely assorted (5% oils, 2% railroads).

Mr. Merkle reported that this policy has worked well and even cited a reference from Arthur Wiesenberger, attesting to the above-average performance of Madison Fund in its field. Indeed, Mr. Merkle added: "I am also sure that it is a good deal better than the average open-end fund, although some of the special growth funds may have done somewhat better."

The Madison Fund approach to investment decisions is worth examining. Let Mr. Merkle tell it: "We follow a policy of rotating specialists. It seems to us foolhardy for an oil analyst to be spending his time under current conditions seeking out values in an industry which is in a downtrend. Once we, as a group, make this decision, his activities are directed to more lucrative fields . . . we are not wedded to any positions and sometimes have been criticized for being rapid sellers . . . some mistakes were made in selling some growth stocks too soon . . ."

Like some 90% of the closed ends, Madison Fund sells at a discount from net asset value. Not happy about this situation, but far from dismayed, he thinks this is a good time to buy Madison Fund. More interesting than his recommendation, however, is his reason. It seems that Madison Fund, like certain individual stocks, has rhythm. Mr. Merkle has found that there is a seasonal swing in the discount factors.

In 1957, following payment of the capital-gain dividend, the stock declined to a 29% discount. But by early 1958 this discount had fallen to 17%. The pattern again was in evidence when the discount rose to 23% at the end of March and then declined to 8% in January of 1959. By April the discount had widened to 16% and then by January of this year had declined to 7.3%. As he spoke to the analysts it was at 19%, the widest discount since May of 1958.

Lehman Corp. sells at only a slight discount, while Tri-Continental sells at a much sharper discount.

Madison Fund has gone to considerable lengths, including a public-relations campaign, to keep the discount as narrow as possible. Every 1% change in the discount means $1,400,000 to the stockholders.

Finally, there is this counsel from Mr. Merkle on the all-absorbing subject of the vogue stocks: ". . . when you start paying 50 times earnings for securities, you had better be sure you know everything there is to know about them."

The Funds Report

Dominick Fund, Inc. reports that at June 30 net assets amounted to $38,216,604, equal to $22.36 a share, based on 1,709,067 shares. This compares with year-earlier figures of $38,117,726 and $22.97 on each of the 1,659,640 shares then outstanding. Net unrealized appreciation of Dominick Fund assets on June 30, 1960, totaled $13,675,873, compared with $14,483,477 a year earlier.

* * *

Lazard Fund, Inc. reports total net assets declined slightly in the second quarter as redemptions of shares from stockholders rose. Net assets were put at $133,699,600 as of June 30. This compares with $135,692,876 three months earlier and $146,430,041 a year earlier. On a per-share basis, however, assets equaled $15.72 at June 30, up from the $15.33 of March 31 when a larger number of shares was outstanding, but down from the $17.05 of midyear in 1959. Lazard differs from most open-end companies, since it does not offer new shares continuously although it does stand ready to redeem its shares.

The report indicated Lazard repurchased 351,341 shares in the second quarter, against only 32,892 shares redeemed in the initial three months of this year.

During the quarter ended June 30 Lazard eliminated 10,000 shares of Aluminum Co. of America, 23,500 Armco Steel, 21,000 MacMillan, Bloedel & Powell River, Ltd., 2,000 Manufacturers de Saint-Gobain, 7,500 Minneapolis-Honeywell, 17,000 Owens-Corning Fiberglas, 23,700 Republic Steel, 2,000 Societe des Acieries de Longwy and 17,500 Southern California Edison. New investments: 30,000 Aluminium Ltd., 26,000 Colorado Interstate Gas, 12,000 National Steel and 25,000 shares of Newmont Mining.

Tri-Continental Corp. put its investment assets at midyear at $413,797,346, or 5% gain from three months earlier. Assets of the closed-end company equaled $49.58 a common share at June 30, against $46.85 on March 31. At June 30, 1959, investment assets were $408,229,386, equal to $49.84 a common share on a smaller number of shares then outstanding.

The company stated there was no change in its investment policy during the latest three months. Common stocks accounted for 86.2% of investment assets at June 30, about the same as three months earlier. Holdings of tobacco stocks were increased during the latest quarter. Tri-Continental bought 10,000 shares of Philip Morris, 15,000 R. J. Reynolds Tobacco and 10,000 Atlantic Coast Line Railroad.

Common stocks eliminated included 24,000 shares of American Can, 31,200 Anaconda, 6,900 Burlington Industries, 23,100 Iowa-Illinois Gas & Electric and 30,000 I-T-E Circuit Breaker.

* * *

Scudder Fund of Canada, Ltd. reports that at May 31 net assets were $53,864,897, equal to $11.91 on each of 4,522,622 shares. This compares with $61,502,522, $12.49 a share and 4,923,282 shares on May 31, 1959. Figures are stated in Canadian dollars.

* * *

Adams Express Co. reports for the six months ended June 30 net income of $1,230,952, up from the $1,174,143 in the like 1959 period. In the latest period net gain from sales of securities was $946,125, against $1,068,690 in the first half of 1959. Unrealized appreciation of investments amounted to $41,633,688 on June 30, 1960, against $47,517,880 at Dec. 31, 1959.

* * *

United Funds, Inc. reports net assets of its four funds as of June 30: **United Income Fund** had net assets per share of $10.71, compared with $11.41 a year earlier. **United Accumulative Fund** showed a decline to $12.45 from $13.07 at midyear 1959. **United Science Fund** net assets rose to $14.69 from the $14.45 a year earlier. **United Continental Fund** showed a fall to $7.06 a share from $8.17.

* * *

United States & Foreign Securities Corporation reports a net asset value of $105,201,425, as of June 30. This was equal to $31.77 per share of stock outstanding and compared with $124,072,330, equal to $37.47 per share, on June 30, 1959. Common stock holdings at June 30, 1960, represented percentages of total assets as follows: oil, 31.53%; chemical and rug 22.41; metal and mining 13.67%; manufacturing and miscellaneous 11.61%; electric utility 5.41%; merchandising 2.22%; natural gas 1.34%. Holdings of U. S. Treasury bills amounted to 11.36%; cash and receivables 3/10 of 1%, and other investments 17/100 of 1%.

* * *

United Corporation issued the first quarterly report since its fiscal year was changed to end March 31 instead of Dec. 31. The report for the three months ended June 30, shows as of that date net asset value of $107,704,414, equal to $7.65 a share. On March 31, the close of the fiscal ear, net asset value was $105,288,517 or $7.48 a share.

Wm. M. Hickey, President, said that due to the change in the fiscal year, earnings of the company during the June quarter are not strictly comparable with the June quarter of 1959. Combined net investment income and net realized gain on investments in the 1960 quarter amounted to $1,084,741 or 7-7/10 cents a share. On a detailed basis, net investment income in the 1960 quarter was $776,674 or 5½ cents per share and net realized gain on investments, $308,067 or 2-2/10 cents per share.

* * *

For the first half of 1960, sales of **Keystone Custodian Funds** were up 35% to a record $63,739,000. Redemption of shares was 24% lower than last year, so the excess of sales over liquidations reached a new six months' high of $45,701,400, up 93% from 1959. In mid-June, total assets under Keystone management reached a record $542,000,000, up 7.3% from the start of the year. The total is spread among 11 funds, ranging from $89 million in Lower-Price Common Stock Fund S-4 to $8 million in Investment Bond Fund B-1.

* * *

Keystone Income Fund, Series K-1, has declared a quarterly regular distribution from net investment income of 12 cents and a special distribution from net realized profits of 10 cents, both payable Aug. 15 to holders of record July 31.

Total sales of **George Putnam Fund** and **Putnam Growth Fund** during June amounted to $5,488,000, the largest for any month in the history of the funds' sponsor, according to a report released by Putnam Fund Distributors, Inc.

Combined sales of the two funds for the first six months totaled approximately $25,000,000, an increase of 85% from the same period last year. Total net assets of both funds also reached an all-time high of approximately $250,000,000 on June 30.

* * *

During the six months ended May 31, sales of shares of the three mutual funds sponsored by **Hugh W. Long & Co., Inc.** declined 1%—from $49,700,000 to

$49,200,000—from those of the six months ended May 31, 1959, according to the semi-annual report for the fiscal half-year. Shareholder purchases through voluntary or contractual periodic payment plans accounted for more than 31% of sales during the latest six month period under review, compared with 24% for the same period of the previous fiscal year.

* * *

A 12-month gain of 18.6% in the net asset value per share of **Oppenheimer Fund, Inc.** was announced by Max E. Oppenheimer, President. He also reported a 21.6% increase in Oppenheimer Fund's total net assets during the period, to $4,460,629 at last month's close.

* * *

Chemical Fund, Inc. reported the highest quarter-end total assets in its 22-year history. Total net assets rose to $269,526,978 on June 30, compared with $247,774,512 a year earlier. Total assets at the end of 1959 were $265,973,763.

Net asset value per share on June 30, was $11.48, compared with $11.52 a share on June 30, 1959, and $11.61 a share on Dec. 31, 1959. When adjusted for a capital gains distribution of 37 cents per share, the latest net asset value represented an increase of 3% over the June 30, 1959 per share value.

* * *

Consolidated Investment Trust reports net assets at market value on June 30 amounted to $66,595,260, equal to $21.77 a share on the 3,059,589 shares outstanding. This compares with $23.27 a share on Dec. 31, 1959, and $22.81 on June 30, 1959, adjusted for the tax of 23 cents per share on capital gains realized last year.

* * *

Washington Mutual Investors Fund, Inc. declared a regular dividend of eight cents and an extra of two cents payable out of investment income on Sept. 1 to stock of record July 29. Total dividends from investment income for the past 12 months were 34 cents and capital-gains distributions amounted to 52 cents a share.

* * *

De Vegh Mutual Fund, Inc. reports these new acquisitions in the quarter ended June 30: 20,000 shares of Pacific Petroleum, 5,500 Simpsons, Ltd., 6,300 Consolidated Foods, 5,000 Crane Co., 6,000 Crowell-Collier, 2,500 Electro Instruments, 6,000 Howard W. Sams & Co., 3,000 O. M. Scott & Sons, 1,700 Aetna Fire Insurance, 41,000 Brazilian Traction, Light & Power, 5,000 Brush Beryllium, 14,000 Florida Power & Light, 5,000 Inspiration Consolidated Copper, 5,000 Martin Co. and 5,000 A. G. Siemens & Halske. The following holdings were completely eliminated: 1,500 shares of Bestwall Gypsum, 8,200 Diners Club, 14,000 Island Creek Coal, 3,000 Westinghouse Electric, 4,000 Pittsburgh Plate Glass, 5,000 Outboard Marine, 1,720 Anaconda Wire & Cable, 2,900 Anaconda Co., 5,000 U. S. Foil (Class B), 1,100 Signode Steel Strapping, 3,000 U. S. Freight and 15,000 Kaiser Industries.

De Vegh also sold 2,500 shares of Thew Shovel, 3,500 American Smelting & Refining and reduced holdings in American Zinc, Lead & Smelting by 5,000 shares.

New Date for Phila. Outing

PHILADELPHIA, Pa. — The 35th Annual Field Day of The Bond Club of Philadelphia, originally scheduled to be held on September 30 at Philmont Country Club, has been moved up one week and will now be held on Friday, September 23rd at the Huntingdon Valley Country Club, Abington, Pa.

Now John Karr Co.

EL PASO, Tex.—The John Karr Co. has been formed to continue the investment business of John R. Karr, 17080 Montana.

Smith, Hague Co. Admits Nicholson

DETROIT, Mich. — George A. Nicholson, Jr. has been admitted as a general partner in the firm of Smith, Hague & Co., Penobscot Building. Members of the New York and Detroit Stock Exchanges, according to an announcement by Hal H. Smith, Jr., senior partner.

G. A. Nicholson, Jr.

As head of the Investment Advisory Department of Smith, Hague & Co., Mr. Nicholson has won national and international recognition as one of the founders of the Investment Club Movement in America. Presently, he is Chairman of the Advisory Board of the National Association of Investment Clubs, whose headquarters are in Detroit.

State Loan & Finance Debs. Are Offered

Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co. are joint managers of an underwriting syndicate which offered on July 20 $20,000,000 State Loan & Finance Corp. 5.40% sinking fund debentures, due July 15, 1980, at 100% and accrued interest from July 15, 1960, to yield 5.40%.

Net proceeds from the sale of the debentures will be added to the company's general funds and used to reduce outstanding short-term loans. Proceeds from these short-term loans were used primarily to provide subsidiaries of the company with funds to carry on their respective businesses.

The debentures will not be redeemable prior to July 15, 1970. They will have the benefit of an annual sinking fund, beginning July 15, 1966, sufficient to retire 70% of the debentures to maturity. The debentures will be redeemable throught the sinking fund at 100%, and at the option of the company, at redemption prices ranging from 103% in 1970 to 100% in 1979, plus accrued interest in each case.

The corporaton is one of the five largest organizations engaged in the consumer finance (small loan) business. Its principal executive offices are in Washington, D. C. It is a holding company and, through its subsidiaries is primarily engaged in the consumer finance business and to a small degree, in purchasing installment sales contracts originating with dealers in household furnishings and appliances. On April 1, 1961, the company operated 414 loan offices located in 28 states and the Province of Ontario. Two of its subsidiaries are life insurance companies engaged in writing credit life insurance and credit health and accident insurance.

For the year 1959, the company and its subsidiaries had consolidated operating income of $34,382,862 and consolidated net income of $5,491,940; equal to $1.33 per common share.

Continental Mutual

OAKLAND, Calif. — Continental Mutual Funds, Inc. has been formed with offices at 1330 Broadway, to engage in a securities business. Officers are Carthel B. Brann, President; Clay Hendricks, Executive Vice-President; and B. M. Wilkinson, Secretary.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

AETNA INSURANCE COMPANY

One of the best recovery performances among fire-casualty companies is being registered by Aetna (Fire) Insurance Company. From a 12.7% (profit) margin loss for the first quarter of 1959, the company attained a 1.3% profit margin for the first three months of 1960. This excellent recovery is being reflected in the price of the stock in recent weeks; at the recent bid price of 85, the stock broke into new high ground. Besides improved expense and underwriting control, the possible attraction in the market may be due to the excellent gains in investment income from its portfolio and from recurring, though unofficial, possibilities of a merger with a larger company. Bonds account for over 60% of the portfolio, with heavy concentration on tax free issues.

A long established operation, organized in 1819, Aetna Insurance Company operates nationwide, in Canada, Cuba and Puerto Rico. Through the American Foreign Insurance Association business is conducted in many foreign countries. Three wholly owned subsidiaries were merged at the end of 1958. From a fire underwriter, Aetna now ranks among the leading multiple-line insurers and writes virtually every form of insurance except life. At the end of 1959 fire and allied lines accounted for 48.4% of premiums written; automobile lines at 22.5%, inland marine at 9.3%, and ocean marine at 7.2%. Casualty lines at 15.1% made up the remainder. Owing to the somewhat larger portion of fire underwritings, Aetna is frequently referred to as Aetna (Fire) Insurance Company. At the present time this operation has no connection whatever with Aetna Life or Aetna Life's affiliate, Aetna Casualty and Surety Company.

Although total underwritings have registered deficits during the past four years, operations may well remain in the black for the full year of 1960. One important factor is the more effective control of expenses. Continued attention on efficiency in operations enabled the company to reduce its 1959 underwriting expense ratio from 42% in 1958 to 40.4% in 1959. Elimination and replacement of marginal agencies has been one attempt toward exerting control of losses by upgrading risks underwritten.

Selected Statistics — Growth and Underwriting Control

Year	Net Premiums Written*	Net Premiums Earned*	Admitted Assets*	Loss Ratio†	Expense Ratio‡	Profit Margin
1959	$152.2	$152.1	$295.6	61.2%	40.4%	—1.6%
1958	145.4	152.1	281.9	60.8	42.0	—2.8
1957	150.2	148.7	265.8	63.5	42.1	—5.6
1956	149.7	143.9	265.8	61.8	42.0	—3.8
1955	139.5	136.6	259.6	57.1	41.6	1.3

*In millions of dollars. †Losses incurred to premiums earned. ‡Expenses incurred to premiums written.

The overall improving results in 1959 were partially obscured by extremely severe losses suffered during the first quarter 1959. The poor first quarter experience was due to adverse conditions of the extremely cold winter nationwide, combined with heavy wind losses in the Middle West. Although the company operates under the general agency system with approximately 14,000 agents covering its territory, Aetna is fully aware of the drastic merchandising changes which are characterizing fire and casualty underwriting today. Due to the presence of intense competition and change in production procedures, several observers believe a merger of some kind is a possibility in the future.

Net premiums written by Aetna in 1959 came to an all-time high of $152.2 million, a 4.6% increase over the writing of 1958. Direct premiums written in New York amounted to 18% of the total in 1959. The next five leading states were Illinois 9%, Massachusetts 6%, and California, Connecticut and Pennsylvania with 5% each.

Per Share Statistics

Year	Approx. Bid Price Range	Investment Income	Consol. Earnings	Dividend	Approximate Book Value
1960	85—70	----	----	$2.60	------
1959	80—61	$7.27	$4.32	2.60	$115.58
1958	81—48	6.16	2.20	2.60	114.21
1957	76—46	6.23	—2.23	2.60	102.75
1956	75—58	6.02	0.14	2.60	101.95
1955	78—63	5.77	5.45	2.70	114.85
1949	64—49	3.58	9.80	2.10	80.30

Expense control has been aided by mechanization of record keeping and the program for purchasing outstanding general agency contracts. The latter step eliminates the override commission payable to the general agents.

Aetna's 1959 gain in net investment income represented a remarkable 18% increase over 1958. A further gain of 10% or more is indicated for 1960. This improvement would bring net investment income to approximately $8 a share. The conservative investment portfolio with common stocks representing less than 25% of assets results in small stock market exposure.

The continuation of the current $2.60 annual dividend rate represents a lower payout percentage of investment income than the past average. Should the improved underwriting trend continue, a dividend increase appears likely. At the current mean price of 87 a yield of 3% is obtained on the present $2.60 rate.

Although underwriting exposure is sizable relative to the capital funds base, an improving profit trend could bring forth notable gains in per share earnings. The stock of Aetna Insurance enjoys good marketability even though only one million common shares are outstanding.

Love, Chairman Of Gruen Ind.

Edward L. Love, former Executive Vice-President of the Chase Manhattan Bank, has been elected Chairman of the Board, Gruen Industries, Inc.

Edward L. Love

John H. Ballard, who had been serving as Gruen Board Chairman, assumes the duties of President and Chief Executive Officer.

Mr. Love, a director of Gruen since March 1959, is also a director of Stone and Webster, General Public Service Corp. and several other corporations.

Inv. Mgmt. Corp. Formed on Coast

BEVERLY HILLS, Calif. — Investment Management Corporation of California has been formed with offices at 9363 Wilshire Blvd. to engage in a securities business. Officers are Richard N. Ely, President and Treasurer; Victor Dykes, Vice - President and Secretary; Aileen MacMullin, Assistant Secretary and Assistant Treasurer.

Mr. Ely was formerly with H. Hentz & Co., Bateman, Eichler & Co. and Thackara, Grant & Co. Mr. Dykes was formerly president of Texas Fund Research and Management Corp., and Bradschamp & Co., both of Houston.

Whitney, Goadby to Admit

H. N. Whitney, Goadby & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, on July 21 will admit Harry B. Hollins to limited partnership in the firm.

Cain & Co. Formed

WILMINGTON, Del. — Cyril W. Cain, Jr., is engaging in a securities business from offices at 292 Delaware Trust Building under the firm name of Cain and Co.

Form Planned Estates

PITTSBURGH, Pa. — Planned Estates Inc. has been formed with offices at 1017 Park Building to engage in a securities business. Officers are Lynn N. Rudert, President, and Wiley A. Bucey, Jr., Secretary and Treasurer.

Diversified Collateral

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Diversified Collateral Corporation is engaging in a securities business from offices at 420 Lincoln Road.

Form Fremming Enterprises

MINNEAPOLIS, Minn.—Fremming Enterprises, Inc., is engaging in a securities business from offices at 3946 Lyndale Avenue, South.

Banking and the Economy Face Credit Pinch in 1960's

Continued from page 1

reserves) by about $500 million.

After the "Accord" in March, 1951, interest rates were freed to respond to changing supply and demand conditions. However, since the Federal Reserve was then in a position to control the supply of funds, fluctuating interest rates became a tool to be used to encourage or discourage the expansion of credit. As a result, the decade has been marked by rather wide fluctuations in interest rates, particularly on the short-term end of the yield curve.

While the supply of money rose by only 30% during the decade, the rate of money use was intensified. Debits to demand deposit accounts for New York City banks rose by 100%, from 28.2 times per year in 1949 to 56.4 times in 1959. This means that, in 1959, demand deposits were turning over at a rate of more than once a week. For smaller cities, the increase in deposit turnover was less pronounced, rising from 18.7 to 24.5 times per year. The higher rate for New York probably reflects a relatively greater volume of financial transactions at the end of the decade.

Partial Success of Tight Money

Tight money was only partially successful in checking inflation. Consumer prices rose by 22% during the decade, about one-half of this increase can be traced to the impact of the Korean War. However, inflationary pressures continued, fed by a strong demand for credit and an increasing rate of money turnover. Since 1951, we have managed to avoid the extremes of unemployment and runaway inflation. Possibly monetary policy deserves little credit for what happened during the 1950's; it may have been sheer coincidence. On the surface, at least, it appears that the job was rather well done, even though a little short of perfection.

An item to be noted and one that may be of greater significance in the future is the reduction in our monetary gold stock of $5 billion or about 20%. This loss of gold tended to reduce bank reserves and was offset by the lowering of reserve requirements and open market purchases of Government securities by the Federal Reserve. Money is a promise to pay "on demand"; today, it has less gold backing and more backing in the form of Government promises to pay in the future. While the loss of gold poses no immediate threat, a continued drain of our gold reserves or a rapid expansion of credit could result in action to break away from the tie to gold as it presently exists. Such action could have a very disturbing effect upon our economy, particularly if it is interpreted as a symbol of inflation.

We may summarize at this point by emphasizing the fact that the 1950's were prosperous and that Americans were able to enjoy an improving standard of living. Not all of our apparent gain, as measured by indicators of product and income, was real; some of it was absorbed by inflation. Prosperity caused the demand for credit to increase. To check an inflation of more severe proportions, the Federal Reserve held the money supply in check. As a result, interest rates tended to rise and fall rather sharply with changes or anticipated changes in economic activity. During the latter years of the 1950's gold tended to leave our monetary system. Federal Reserve action was able to compensate for the resulting loss of bank reserves mainly by adding to its own portfolio of Government securities. At the end of the decade, a prosperous America faces a new decade that promises to be highly competitive, both domestically and internationally. The "golden sixties" are likely to present problems that will be more difficult to solve than any faced in the fifties.

II

A Decade of Commercial Banking Activity

Let us now turn to the impact of this changing economic scene upon commercial banking. The impact can best be comprehended by a careful study of the changes that have taken place in bank assets, liabilities and net worth. Table II shows comparative data for all insured commercial banks as of Dec. 31, 1949 (the beginning of the decade) and Dec. 31, 1959.

For purposes of analysis, it is better to begin with the liabilities and net worth side of the balance sheet. These items may be regarded as representing the source of funds while the asset side of the balance sheet represents the use made of the funds. For purposes of this analysis, it is not important that the acquisition of an asset by a bank may result in the creation of a deposit liability.

Deposits

Total bank assets increased by 57% between 1949 and 1959, while deposits rose by only 53%. This minor difference in growth is accounted for by a somewhat more rapid rate of increase for bank capital accounts and for the miscellaneous liability classification. Of greater significance is the fact that time deposits rose by 87% while demand deposits advanced by only 41%. A more rapid rate of growth for time accounts probably reflects the higher rate of interest paid in 1959 as compared with 1949. The restrictive monetary policy in force during much of the 1950's is probably also a factor since time deposits are not generally regarded as a part of the money supply while "net" demand deposits are so regarded.

The 87% growth for time deposits in commercial banks was considerably below the growth rate posted by some competitive savings and investment opportunities. Share accounts in savings and loan associations rose by over 300% while credit unions were expanding by nearly 500%. The growth of investments in common stocks was also very susbtantial during the decade.

TABLE I

Some Significant Economic Changes
(1949 — 1959)

	1949	1959	% Increase or Decr. (—)
Gross national product (billions of $)	257.8	479.5	86.0
Disposable personal income (billions of $)	191.2	334.6	75.0
Indust. production (Index 1947-49 = 100)	97.0	159.0	63.9
Consumer Price Index (1947-49 = 100)	101.8	124.6	22.4
Net demand deposits and currency— (Dec. 31, billions of $)	111.2	144.9	30.3
Debits to demand deposits (annual rate)—			
New York City	28.2	56.4	100.0
Other	18.7	24.5	31.0
Gold stock (Dec. 31, billions of $)	24.4	19.5	—20.1
Reserve bank credit (Dec. 31, billions $)	19.5	26.3	34.9

Source: Compiled from data appearing in the *Federal Reserve Bulletin.*

By classification of deposit accounts, in 1959, business and personal deposits and interbank deposits were slightly less important relatively as compared with 1949. This is particularly true of domestic bank demand deposits. Government deposits, by contrast, increased slightly from 7.6% of total liabilities and capital in 1949 to 8.2% in 1959; most of the increase being in the form of time deposits.

Miscellaneous Liabilities

This classification rose from less than 1.0% in 1949, to over 2.0% in 1959. A larger volume of rediscounts and advances in 1959 is a reflection of the tight money position in that year as compared with the easy money condition of the recession year 1949. Acceptances are also included in this classification and account for a part of the increase.

Capital Accounts

During the decade, commercial bank capital accounts increased at a faster rate than did deposit liabilities. Capital accounts rose by 80.5% while deposits were increasing by 52.9%. This is a reversal of a long downward trend in the relationship of capital to deposit liabilities. If taken by itself, this would indicate a higher margin of safety for depositors and stockholders. However, the rapid growth of bank loans has reduced bank capital to 19% of total loans in 1959 as compared with 25% in 1949. As a result, banks were assuming a greater credit risk at the end of the decade.

All items included in the capital account except reserves shared in the increase. The largest increase, however, was in surplus which rose by 93.1%; followed by undivided profits, 85.9% and capital stock, 72.6%. The 72.6% increase in capital stock is equal to nearly $2.5 billion. Surplus still accounts for nearly half of the capital account and there seems to be some preference to use earnings to add to surplus or to undivided profits rather than to issue new stock. While the ratio of capital to deposit liabilities was more favorable in 1959, the ratio of capital to loans was considerably less favorable. It would be difficult to conclude that from this standpoint banks were stronger in 1959 than they were in 1949.

Assets

The asset side of the balance sheet reflects the use made of funds. The most important change to note is the fact that loans have increased by 163% while security holdings have risen by less than 4%. In fact, commercial bank holdings of U. S. Government securities declined by over 15% during the decade. But let us consider in greater detail the major asset categories and note some of the significant changes that have occurred.

Cash

Cash, deposits and collection items are often regarded as a bank's primary reserve since they afford the highest degree of liquidity. In 1949, these assets were equal to 22.7% of total assets. By the end of 1959, the item had declined to 20.2%, reflecting a reduction in primary liquidity. The loss of liquidity over the decade is even greater than the total cash figure would indicate. Member bank reserves declined from 10.6% of total assets to 7.4% and demand deposits in domestic banks fell from 6.1% to 4.9%. Cash items in the process of collection, by contrast, rose from 4.7% of total assets to 6.7%. Since collection items tend to cancel out in the clearing process, it is clear that primary liquidity, as represented by currency, coin and deposit balances, was lower at the end of the decade than at the beginning. "Net" primary liquidity (total cash assets less clearings) at the beginning of the decade was about 18% but fell to 13.5% at the end of 1959. The lower figure for 1959 reflects a lower level of required reserves and a condition of tightness in the money market. In fact, a 53% increase in commercial bank deposits was matched by only a 9% increase in member bank reserve balances.

It is not the purpose of this paper to explore the desirable minimum level of bank reserves. At the same time it must be pointed out that the loss of excess reserves and the reduction in the size of the reserve account relative to deposit liabilities results in a lower level of liquidity for the banking system. This loss of liquidity serves to curtail monetary expansion and injects instability into the interest rate structure of the money market, a fact that became increasingly evident during the 1950's.

Securities

The total volume of securities held by insured commercial banks increased only slightly during the decade. Bank holdings of United States Government obligations declined by over $10 billion, or by 15%. Holdings of tax exempt obligations of state and local governments rose by an almost equal dollar amount but on a percentage basis the increase was over 160. In spite of this shift, United States Government obligations still account for about 24% of total assets while tax-exempts account for less than 7%.

Most banks, particularly the smaller banks, rely upon short-term Government obligations to provide them with a second line of liquidity. This is sometimes called a secondary reserve. Treasury bills have the highest degree of liquidity since they are both short-term and readily marketable. Treasury bills accounted for 2.5% of total bank assets in 1959 or slightly higher than the 2.4% figure for 1949.

If all marketable U. S. securities maturing within five years is used as the criterion for the secondary reserve, then the secondary liquidity of the banking system was reduced quite appreciably during the decade. Marketable issues of less than five years maturity declined from 31.7% of total assets in 1949 to 18.6% at the end of 1959. Coupled with the decline in primary liquidity, this loss of secondary liquidity is significant. While a minimum "safe" level of primary and secondary liquidity cannot be determined, and in fact probably changes with conditions, it is obvious that banks were somewhat closer to the margin at the end of 1959 than at the beginning of the decade. Such a situation imposes a cautious attitude upon bankers in making new loans and investments. The situation also increases the problem for the monetary authorities. They must be aware lest they force the level of liquidity too low and set off an unfavorable chain reaction.

TABLE II

Assets and Liabilities of Insured Commercial Banks In Millions of Dollars, Percentage Distribution and Change
(December 31, 1949-December 31, 1959)

ASSETS	Dec. 31 1959	1959 %*	Dec. 31 1949	1949 %*	% Incr. or Decrease
1 Cash, deposits and collections	$49,211	20.2	$35,222	22.7	39.7
2 Obligations of the U. S. Gov't	58,390	24.0	68,487	42.4	—15.2
3 Other securities	20,192	8.3	9,977	6.4	102.4
TOTAL SECURITIES	78,582	32.3	75,824	48.8	3.6
4 Loans and discounts, net	110,694	45.5	42,499	27.4	162.8
TOTAL LOANS AND SECURITIES	189,277	77.7	118,323	76.2	60.0
5 Bank premises, etc.	2,901	1.2	1,139	.7	155.3
6 Miscellaneous assets	2,033	.8	635	.4	220.2
TOTAL ASSETS	$243,423	100.0	$155,319	100.0	56.7
LIABILITIES AND CAPITAL					
1 Demand deposits	$151,538	62.3	$107,146	69.0	41.4
2 Time deposits	67,473	27.7	36,049	23.2	87.1
TOTAL DEPOSITS	219,012	90.0	143,194	92.2	52.9
3 Miscellaneous liabilities	5,180	2.1	1,476	1.0	250.9
4 Capital accounts	19,232	7.9	10,649	6.9	80.5
TOTAL LIABILITIES	$243,423	100.0	$155,319	100.0	56.7

*Minor variations due to rounding of numbers.

Source: Compiled from the *Annual Report* of the Federal Deposit Insurance Corporation, 1949 and 1959.

Loans and Discounts

While bank holdings of investment securities were increasing by only 4%, loans and discounts were increasing by over 160%. Banks prefer to lend rather than to invest. Lending is usually more profitable since loan rates tend to be higher than open market rates. Furthermore, banks, as financial institutions, exist primarily to facilitate the flow of short-term funds into the hands of local borrowers. This is one of the reasons why we call them commercial banks. At the same time, it must be recognized that lending involves a credit risk. A top heavy loan portfolio made up of a large volume of long-term, illiquid loans could spell trouble for any banker. Lending deserves the careful attention of every banker at all times and particularly when loans are expanding.

Not all of the loan categories are comparable between 1949 and 1959. However, it may be noted that while loans rose by 162%, real estate loans rose by 146% to $28 billion and loans to individuals rose by 201% to $24 billion. These two categories accounted for 12.5% of total assets in 1949 and 21.4% in 1959. Both types of loans are of relatively long-term maturity and are repaid mainly upon an instalment basis. While they provide banks with a flow of instalment income, they are not otherwise endowed with high liquidity.

Banks held over $40 billion in commercial loans and open market paper at the end of 1959. This was equal to 16.5% of total bank assets. A change in the method of classification does not make direct comparison with 1949 possible. We also lack information concerning the average maturity of these and other loans. However, it would seem that loan portfolios were less liquid in 1959 than in 1949. At the same time, economic conditions are probably of greater importance than maturity or type of loan in determining the liquidity and solvency of the loan portfolio.

Bank Premises and Other Miscellaneous Assets

Total bank assets rose by 57% during the decade of the 1950's. During the same period, bank premises, furniture and fixtures and other real estate increased by 155%. In spite of this increase, the category accounted for only 1.2% of total assets at the end of 1959, as compared with .7% ten years earlier.

Other miscellaneous bank assets also increased during the decade, rising from .41% of total assets in 1949 to .84% in 1959.

III

A Summary and Some Implications for the Future

The decade of the 1950's was marked by prosperity, economic growth and expansion. It was also a period of inflation but on a much more restrained basis than was true of the previous decade.

Monetary controls were used extensively in an effort to restrain inflationary tendencies and yet promote a high level of income and employment. Whereas commercial banks entered the decade with free reserves of nearly $1 billion, they ended the decade with net borrowed reserves of over $400 million. As a result, interest rates in 1959 were about double the level prevailing at the start of the decade.

Commercial banks, during the 10-year period, liquidated Government securities and greatly expanded their lending activity. Loans and discounts increased by over 163%. The great demand for credit had the effect of reducing bank liquidity both in terms of cash assets (primary reserves) and in terms of short-term marketable investments (secondary reserves). While the minimum level of liquidity is unknown—and probably cannot be determined, it is quite obvious that commercial banks do **not** stand in as favorable a position to meet the contingencies of the 1960's as they did in 1950 to meet the requirements imposed by the past decade. Individual banks are likely to be confronted with liquidity problems on the upswing of the cycle while credit losses will add to their problems on the downswing. Banking in the 1960's is likely to provide more pitfalls but for the successful it will offer higher rewards.

If economic growth and employment in the private sector of the economy are to be maintained, bank loans should expand in the 1960's at a rate comparable or even higher than that of the 1950's. If such a rate prevails, total loans would expand to around $280 billion by 1970.

Bank investment portfolios are likely to increase at a faster rate than the 4% figure reached during the 1950's. While we do not know what the credit needs of the Federal Government will be during the 1960's there is little room for a further reduction in bank portfolios of Government issues. State and local governmental financing needs are likely to increase and banks may be expected to add to their tax exempt portfolios. It is evident that the total credit needs of the private and governmental sectors of the economy will be greater in the 1960's than they were in the 1950's. The unacceptable alternative is underemployment and depression.

An expansion of bank loans and investments will result in an increase in bank deposits. Even if there is no additional inflation, total deposits of $400 billion by 1970 do not seem unreasonable.[1] A question that may well be raised at this point is where the necessary reserves will come from to support this level of deposits? Open market purchases initially yes; but open market purchases are ultimately limited by the monetary gold stock.

During the 1950's, the United States lost about $5 billion in gold. Foreign short-term dollar balances are already nearly twice the $7.5 billion of "free gold." Any conversion of these claims would further deplete the monetary gold stock. An expanding economy can also expect the stock of hand-to-hand money to increase. This would tie up a larger portion of the monetary stock and reduce the portion available as backing for member bank deposits in the Federal Reserve.

In 1949, member bank reserve deposits were equal to 11.5% of the total deposits of the commercial banking system. By 1959, the percentage had fallen to 8.2%. The percentage will undoubtedly continue to decline as total deposits increase. If the percentage is as low as 6% in 1970, and if deposits are as large as $400 billion, an additional $6 billion in bank reserves would be required. At 5%, only $2 billion in additional reserves would be needed. While bank reserves are intended primarily as a tool of monetary control, they still constitute a part of an individual bank's primary liquidity. How low can we safely permit liquidity to fall without getting into difficulties?

The 1960's could very well produce a credit pinch, not only for the commercial banks but also for the Federal Reserve system. In the "old days," a credit crisis usually meant debt liquidation, bankruptcies, deflation and depression. In the future we are likely to try to solve the problem by devaluation, or at least by a reduction in the 25% gold certificate requirement. This would facilitate a further expansion of the debt structure. We would, in fact, try to solve the debt problem by creating more debt and probably by inflation. Inflation tends to reduce the burden of past debts insofar as debtors are concerned. In this respect, inflation and bankruptcy have a lot in common. Even without inflation, the adequacy of our gold stock to meet the needs of the 1960's may be questioned. With inflation, the problem would become even more acute.

Sound commercial bank administration is one safeguard against economic catastrophe. Unfortunately, other safeguards are also needed. Nevertheless, bankers will need to use greater wisdom in meeting the problems of the 1960's than they did in meeting the problems of the 1950's.

1 The F. D. I. C. in its 1957 *Annual Report* projects a figure of $377.5 billion for all insured banks. I have projected a higher figure based mainly on the fact that banks met some of the demand for credit in the 1950's by liquidating U. S. Government securities. There is little room for such a liquidation from current portfolios.

Cruttenden Company To Open Branch

GARY, Ind.—Cruttenden, Podesta & Co. will open a branch office in Gary, Ind., in August—its third branch in Indiana, and its 17th nationwide — Robert A. Podesta, managing partner of the Chicago-based investment firm, has announced.


Howard S. Gross

Howard S. Gross, formerly with Straus, Blosser & McDowell in Gary, is resident manager of the new office. Associated with him is Peter Megremis, registered representative, who joined the Cruttenden, Podesta head-office staff in Chicago last September, after service with The Gary National Bank.

The new office will occupy completely modern quarters on the ground floor of the Roosevelt Hotel, in downtown Gary (at the corner of Fifth & Massachusetts). It will feature its own "broad tape," a translux projector carrying latest stock quotations, a comprehensive investment research library, and a direct wire to the Chicago head office.

Investment Planning Opens

BALTIMORE, Md.—Investment Planning Corporation has opened offices in the Equitable Building to engage in a securities business. Officers are G. George Fink, President, and C. H. Fink, Secretary-Treasurer.

Kennedy, Cabot Opens

BEVERLY HILLS, Calif. — Kennedy, Cabot & Co. has been formed with offices at 404 North Roxbury Drive to engage in a securities business. Officers are David P. Kane, President, and Geary Steffen, Vice-President and Secretary.

PUBLIC UTILITY SECURITIES

*BY K. HOLLISTER**

Brooklyn Union Gas

Earnings of Brooklyn Union Gas Co. for 1959 were $1.67 compared with $1.68 for the previous year and this was the first instance since 1952 that earnings did not rise substantially. Nonetheless the 87% rise during the period is equivalent to a 9.3% compound annual increase. Among the reasons for the decline last year were: (1) Warmer weather, (2) wage increases, (3) residential rate reductions in the service area of Brooklyn Borough Gas Company (acquired June 1959) and (4) an increase in local taxes. The present outlook for 1960 is for a resumption of the upward trend in earnings, although at a slower rate. Management is estimating $1.75 assuming normal weather for the remainder of the year and this figure would appear to be attainable. Over the longer term growth of sales and a less rapid rate of gas cost increases augur well for earnings improvement of 5% to 6% per year after financing necessary to implement the present construction program. As a rough estimate, earnings could be in the $2.20-$2.40 range by 1964 on shares then to be outstanding.

(Note: An accounting policy statement by the New York Public Service Commission last year required utilities using accelerated depreciation for tax purposes to reduce their reported income taxes an amount equal to the tax benefits. Earnings above have been restated to adjust for this change which added 13c and 10c to 1959 and 1958 figures, respectively.)

Sales growth since deliveries of natural gas began late in 1959 has been quite substantial and reflects an aggressive and effective marketing program. Despite economies permitted by the receipt of natural gas, connection of heating customers was low in the period 1951-1955. In the last four years, however, the record has been gratifying. Since 1957 about 18,000 residential heating customers have been added annually and the company is budgeting 20,000 sales this year. Over 98% of the new homes in the service area, which includes all of Brooklyn, Staten Island and a small area in Queens, now have gas heat and water heating installed. At the end of last year there were slightly over 100,000 residential customers using gas for space-heating and about 12,000 commercial and industrial customers. Saturation of residential dwellings now is about 30% compared with 17% for 1953. The total number of meters rose only 3% during this period to 1,144,550 indicating a large number of conversions from other fuels to gas heat. Total population of the area is about 4 million.

Staten Island is still considered to be the promising area of long-term future growth. At present the population of this relatively underdeveloped area is about 225,000 and industry is sparse. Construction of the Narrows Bridge, scheduled for completion in 1965, will undoubtedly be a stimulant to the growth of the island, particularly in the industrial category. At present about 1,500 new homes are being constructed annually in Staten Island and it is estimated that this will rise to 4,000 as the bridge construction advances.

Transcontinental Gas Pipeline, once the company's sole supplier, is still the major source of supply. Additional gas is obtained from Tennessee Gas Transmission and Texas Eastern Transmission so that the company is tied in with all pipelines serving the New York area. In addition to providing daily requirements each of the pipelines operates underground storage fields which provide important winter peaking gas for the company. Last year Transcontinental increased its storage deliveries 230% to 74.5 million cubic feet per day. Total daily deliveries from all lines is 190 million cubic feet and storage facilities provide an additional 115 million during the heating season. All of the pipeline suppliers have expansion plans pending before the Federal Power Commission or have announced their intention of enlarging their lines. No difficulty is anticipated in obtaining sufficient gas to meet an estimated peak day requirement in 1965 of 635 million cubic feet.

Gas costs have been rising reflecting the precipitous increase in field prices and all of the company's suppliers have rate applications pending before the Federal Power Commission. As the company has a fuel adjustment clause the increased cost is passed on to its customers subject to refund of any amount ultimately not allowed to the pipelines; thus there will be no effects on the earnings of Brooklyn Union Gas. Nonetheless, the price of gas is of great concern to the company as it has made sale of gas for industrial use difficult and has provided dealers of competing fuels with a valuable propaganda instrument. Over the coming year settlement of rate cases with at least two of the pipelines seems likely which will be a major aid in stabilizing costs. While the outlook is for a further gradual rise in field prices the increment should be smaller than it has been in recent years.

Since the year 1951 when the company first received natural gas there have been seven decreases in rates for residential heating, aggregating $4.4 million on an annual basis (based on sales levels at the time of the reduction). Last week the company made a further rate adjustment which will result in a net reduction of $1.1 million in annual revenues. Despite these actions the company has had a compound rate of revenue growth of 4% annually and expects that this will rise moderately over the coming several years. The ability to make these rate reductions has been of immeasurable aid to the sales program as it brought the cost of gas for house-heating below that of competing fuels. The rate of return has also held up well in the face of the lower rates and on a year-end basis has slightly exceeded 7% in each of the last six years. In 1962, amortization of extraordinary costs of conversion to natural gas will end and could permit some further reductions in rates.

In order to meet the anticipated sales growth the company is undertaking a major expansion program estimated to cost $110 million for the period 1960 through 1964. For the current year expenditures will be about $20 million. About $35 million of the longer term program should be financed through retained earnings, depreciation and other internally generated funds and the remainder will be obtained through public sale of securities. At present the capitalization of ratios are 49% debt, 8% preferred stock and 43% common stock and equity. It is not expected that these ratios will be altered materially during this construction program. Based on these figures common stock may be sold in 1961 and again in 1963, the total dilution being around 13-14%. In view of the anticipated increase in sales growth however, the rising secular trend of earnings growth should continue.

At the current price of 28 the shares are selling at 16 times 1960 earnings of $1.75 and about 12½ times the longer term estimate of $2.20 per share. The present $1.20 dividend which reflects a 70% payout in earnings yields 4.3%. At this level the shares are about in line with other utilities having comparable growth prospects and provides about average yield. This issue is reasonably priced at present levels and is attractive for a combination of longer term earnings growth and rising dividends.

*Substituting for Owen Ely.

NASD Dist. 12 Appoints Rieber

Thomas H. Choate, chairman of District Committee No. 12 of the National Association of Securities Dealers, has announced the appointment of George E. Rieber as consultant and adviser to the committee. Mr. Rieber since 1949 has been secretary of the committee which comprises the states of Connecticut, New York and a part of New Jersey.


George E. Rieber

The appointment makes possible the better use of Mr. Rieber's 47 years of experience in the securities business, 37 years in administrative work, said Mr. Choate, partner, White, Weld & Co.

Mr. Rieber has taught brokerage procedure and accounting at the Columbia University School of Business and the New York Institute of Finance. He has been with the NASD, the self-regulating organization of the over-the-counter securities market, since 1941. He assisted in the establishment of the present system of publishing quotations on over-the-counter securities in the press.

Prior to his appointment as district secretary in 1949, he also served as secretary to the association's National Uniform Practice Committee.

Mr. Rieber's administrative duties as secretary will be assumed by George J. Bergen who has been with the association since 1950. Mr. Bergen has served as secretary of the National Uniform Practice Committee, secretary to District Committee No. 7 (Southeastern U. S.) and assistant secretary to District Committee No. 12.

Named Director

The Teleregister Corporation has announced the election of Leo G. Shaw to the Board of Directors. Mr. Shaw is a partner in the investment banking firm of Ladenburg, Thalmann & Co.

With Auld & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore.—John L. Morgan is now with Auld & Co., Inc., 1026 Northeast Multnomah. He was formerly with Andersen, Randolph & Co., Inc.

Joins Fairman Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Philip G. Andrews has become connected with Fairman & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was formerly with A. R. Frederick & Company, Inc.

AS WE SEE IT *Continued from page 1*

the notion that all is now changed and that the future will have little resemblance to the past and will be able to find little of value in its experience. It makes an excellent background for a claim that youth rather than age and experience should be in high places. But what seems to be the candidate's idea of solutions for these new problems and these heretofore unheard of difficulties? One reads his acceptance address in vain for any tangible clue —that is any direct clue. As a matter of fact amid all the rather highfalutin rhetoric we find a statement that his "promises are in the platform that you have adopted." And with this sentence he dismisses the matter.

It is to the Democratic platform, then, that we must turn to find what in half-specific terms the candidate thinks are the solutions for the unprecedented situations and brand new problems. And when we do, we find little that is new or different from what the Democratic oldsters — or many of them — have been advocating for a long time. As a matter of fact, the problems there enumerated are not even set forth as particularly new, and certainly the solutions are hardly the brain children of "youth," but at bottom are the work of Roosevelt, Truman and their advisers of decades ago. The complaints and the objectives listed are ones to which the public has been listening for a long time past. If these are candidate Kennedy's "promises," then it would appear that some one else should have written his acceptance speech.

"We Democrats," say the platform writers, "believe that our economy can and must grow at the average rate of 5% annually, almost twice as fast as our average annual rate since 1953. We pledge ourselves to policies that will achieve this goal without inflation." Offhand we are unable to say just when this growthmanship school came into prominence—after the New Dealers gave up the idea of a mature economy—but it was certainly not yesterday, and it was not in the 1960's. It is now an old, old file on which the politicians of some schools insist upon gnawing. And what are the policies that are to work these wonders with our future growth? Are they new or novel? Well, the platform says that the party "as a first step in speeding economic growth, a Democratic President will put an end to the present high-interest, tight-money policy." We are certain that William Jennings Bryan would have written just such a sentence were he still around!

Of Course—Unfortunately

And so it goes. "The Democratic party accepts full employment as a paramount objective of national policy." So, unfortunately, have all other politicians—or must of them anyway—since the New and Fair Deals came upon the scene, and we do not recall hearing the Republican party — whether of McKinley ideology or not — holding forth in any other way for a long, long while. Nor is the notion that one of the policies with which to reach such an end is that of "creating new industry in America's depressed areas of chronic unemployment" an unheard of suggestion—hardly one that requires turning from the old to new ideas to fit new problems. The complaint is old and the remedy is as old.

There is much more of the same. "At the bottom of the income scale are some eight million families whose earnings are too low to provide even basic necessities of food, shelter and clothing." Just as Franklin Roosevelt would have said it! And, what is to be done about it? "We pledge to raise the minimum wage to $1.25 an hour and extend coverage to several million workers not now protected." We wonder if even the "young of heart" would claim that this constitutes any real solution for poverty, real or imagined! We can only hope that the glorious and now rather mysterious 'Sixties are not to have to depend upon any such broken reeds.

The Democratic party—and by his own avowal, the Presidential candidate—will "take positive action to raise farm income to full parity levels and to preserve family farming as a way of life." (A mixture of Hoover and Roosevelt!) Of course, we are not told what that positive action is to be, but we are informed that "As long as many Americans and hundreds of millions of people in other countries remain underfed, we shall regard these agricultural riches and the family farmers who produce them, not as a liability but as a national asset." And then "the new Democratic President will sign, not veto, the efforts of a Democratic Congress to create more jobs, to build more homes, to save family farms, to clean up polluted streams, and rivers, to help depressed areas, and to provide full employment for our people."

There is, of course, much, much more of the same sort of the old, old balderdash which cannot possibly be palmed off as new ideas to fit a new era—and certainly cannot be dressed up as the product of original minds having seen a light from heaven which is denied to the rest of us. But new ideas or not, it is evident that the Democratic candidate is "asking" a great deal of us all.

The Issue of Vigorous Growth Versus Price Level Stability

Continued from page 7

order to have our savings deposits and other assets protected, would we be willing as borrowers to have our obligations rise as the price level goes up? The only feasible way to accomplish this would be through interest rates enough higher to provide this price level protection, something which seems not to be very palatable politically. The reverse spread between bond and stock yields that has prevailed recently may well reflect the fact that concern about the price level has already forced borrowers to pay higher interest rates.

Moreover, the postwar international record in no sense proves that a higher and sustained rate of economic growth can be purchased by permitting creeping inflation. It is true that countries with the most rapid gains in output have tended to be those with the greatest price increases. In commenting, however, on Professor Slichter's data showing this, Arthur Marget points out that "there is not a single case, in Professor Slichter's list of foreign countries, in which a relatively high rank in terms of percentage increase in real product per capita has been associated with a relatively high percentage of price increase without that country's getting into such serious difficulties that a sudden halt had to be called to those 'expansionist' monetary and fiscal policies which were alleged by their defenders to be the only kind of policies compatable with 'the maximum rate of growth.'"[12]

II

Inflationary Causal Factors

What are the sources of the modern economy's inflationary bias? That the traditional excess of money demand relative to our productive capacity has been the source of much of our postwar inflation is clear. At the end of the war the ratio of the money supply to GNP was .75, about 50% more than the long-run historical ratio of about .50. This is another way of saying that individuals and businesses held about 50% more money than they needed to hold for the conduct of their financial affairs. The attempt to use these surplus holdings to replace depleted real assets resulted not in less money held (since dollars do not disappear out of the economy by being spent) but in more spending at a rate that outran our productive capacity. Again in 1955 and 1956 we saw, particularly for the durable goods industries, that prices can still respond to a surge of demand.

Now it would be reasonable to expect that, after a decade of more or less sustained price advances, some time would be required to achieve a stable price-cost level even after excess demands faded out of the picture. Habits of thought develop more or less conscious biases toward actions that have the effect of pushing prices and costs upward. Decisions made then extend into less ebullient market periods. But attention has turned increasingly in recent years to the view that there is more to the problem than simply excess demand. The sharp rise in the price level after 1955 has been particularly disturbing. Except for limited segments of the economy demand did not out-run our productive capacity. Unemployment was consistently higher, relative to the labor force, than in the preceding prosperity. And the strength of demand generally permitted only a relatively slow growth in output after 1955.

Examines Three Hypotheses

At least three hypotheses to explain this can be identified. First, prices are now sticky on the down side. Therefore, a bulge of demand concentrated on a limited segment of the economy, which produces increases in these prices, raises the general price level because we can no longer count on offsetting price reductions elsewhere in the economy (even where demand is slack). The differentially large rise in machinery prices during 1955 and 1956 are often cited as a case illustration of this in operation. In a sense this is the conventional excess-demand hypothesis modified to allow for the assumptions that prices generally are more rigid on the down side.

Second, there is what might be called the fixed-cost hypothesis. Professor Schultze of Indiana University deserves credit for articulating this view. The argumentation can be summarized something like this. Price-decisions in key industries are cost-oriented. Costs are increasingly fixed—salaries, depreciation, etc. In his study Professor Schultze identifies the sources of this increase in value added by manufacturing per unit of output for certain periods.

CHANGE IN VALUE ADDED PER UNIT OF OUTPUT IN MANUFACTURING
(In per cent points)

	1955-57	1947-55
Value added per unit of output	29.8%	9.6%
Wage costs per unit of output	9.0	3.9
Salary costs per unit of output	7.7	5.6
Depreciation costs per unit of output	4.2	1.0
Profits costs per unit of output	7.2	—2.2
Indirect taxes per unit of output	1.6	1.3

SOURCE: Charles L. Schultze, "Recent Inflation in the United States," Joint Economic Committee, (86th Congress, 1st Session), September 1959, p. 10.

From 1955 to 1957, a period not generally characterized by excessive demand for output, the two principal elements of fixed costs (salaries and depreciation) accounted for two-thirds of the total increase in value added per unit of output, and about a third of the increase from 1947 to 1955. During 1955-57, then, the slow rise in output resulted in higher unit costs because fixed costs had to be spread over less-than-capacity output. Prices, being cost-oriented, reflected these higher unit costs. Some would, then, draw the further conclusion that tight monetary and fiscal policies in this period forced the price level even higher by limiting the rise in output, which increased fixed costs per unit of output, which pushed prices higher.

This, it seems to me, proves too much. Rate-of-return targets that are one element in pricing policies involve a considerably longer-run view than operating rates expected over a short period. This longer view, according to one pricing study, is considered essential in order "to prevent cyclical or shorter-run changes in volume or product-mix from unduly affecting price, with the expectation that the averaging of fluctuations in cost and demand over the business cycle will produce a particular rate of return on investment."[13] Moreover, prices continue to be responsive to the state of demand as well as costs, as the particularly large price increases for machinery in the 1955 to 1957 capital goods boom demonstrated. The price effect from lower fixed costs per unit of output, with the greater demand for output that easier credit and fiscal policies might have made possible, must be weighed against the effects on prices from stronger demand in the market. There is not much historical evidence to suggest that in a boom easy credit and budget policies make for lower prices. And it is reasonable to suppose that, if demands had been stronger in 1956 and 1957, businesses would have taken price action sufficient at least to avoid the outright decline in corporate profits per unit of output which did occur.

Market-Power Phenonenon

Third, there is the view that we now have in our economy aggregations of market power that can force our price-cost level up even in the absence of excessive money demand for output. Big businesses can raise prices even if demand does not exceed productive capacity. And big labor unions can extract from management wage gains and other benefits that exceed the average annual improvement in productivity. The economy is then confronted with a baleful choice. If we do not permit an increase in money demand, the unchanged money demand buys a smaller quantity of output, and we get unemployment. To avoid unemployment we must allow enough of an expansion of money demand to take the full output off the market at higher prices, thereby validating successive increases in the cost-price level. And we need to bear in mind that a unit of market power will have the same tendency to confront us with the choice of a rising price level or full employment whether it be on the business or the labor side.

Is this market-power phenomenon really a part of our problem? On the business side some of the daring does seem to have gone out of pricing. Price reductions have come dangerously close to being considered quaint—something we did when we used to button our shoes, crank our cars, and live generally in primitive circumstances. This is all the more remarkable in view of the considerable survey evidence that price reductions continue to be a very effective way of activating the consumer's interest. One wonders if Henry Ford could ever have made it if he had had at his elbow a bevy of financial analysts and statisticians making available to him our modern wisdom about the unresponsiveness of demand to price reductions.

The evidence also is quite clear that even in the absence of excess demands unit labor costs of production will rise. From 1955 to 1957, compensation of employees in manufacturing increased 12.6%. According to the new Federal Reserve Index, manufacturing output increased only 3.5%. Thus labor costs per unit of output must have increased about 9%. While employee incomes naturally rise when prices rise, it is clear that there was more to this phenomenon than wages, like other prices, moving upward within the context of a generally inflationary situation. For one thing, there was not generally excessive demand; unemployment throughout remained at about 4% of the labor force. Moreover, average hourly earnings, adjusted to exclude the influence of shifts between industries and changing amounts of overtime, increased 4.3% from July, 1957, to July, 1958. Thus even in a reces-

12 **Arthur W. Marget, "Inflation: Some Lessons of Recent Foreign Experience," *American Economic Review*, Proceedings, May 1960, pp. 206-7.**

13 **R. F. Lanzillotti, "Pricing Objectives in Large Companies," *American Economic Review*, December 1958, p. 923.**

sion we still experienced a rise in wage rates in manufacturing almost double the estimated longrun annual increase in general productivity. These figures also suggest that during this period (from 1955 to 1957) the rise in employee costs per unit of output in manufacturing contributed more to the price rise than the market power exercised by business because, though prices were raised, the increases were not large enough to prevent a fall in manufacturing profits per unit of output of over 10%.

III

Suggests a Forward Moving Policy

It seems clear, therefore, that the source of inflationary bias in our economy is multidimensional in character. If so, what would constitute the elements of a program to reduce these biases? We do not yet know the full answer to this question. But some steps can be taken, and it would be enormously reassuring if we could begin to take them, in order to reduce the polarity of views on this matter enough to move forward on policy.

(1) The nature of our current policy discussions points to the desirability of amending the Employment Act to include a reasonably stable price level (not "level of prices") as an objective of national economic policy. Clearly it is one of our objectives, and our basic declaration of national economic policy should show it. But This would do more for us than merely tidy up some language in an act passed 14 years ago. For one thing it would stiffen the national will to find ways of achieving sustained, vigorous growth and relatively full employment without at the same time courting the disorganizing effects of creeping inflation. Moreover, to the extent that uneasiness about price level prospects is itself a part of our problem, this declaration of national intent would make some substantive contribution toward safeguarding the price level. This step could be done simply through amending the final part of Section 2 of the Employment Act to make it read "and to promote maximum employment, production and purchasing power and a reasonably stable general price level."

(2) Sections 3 and 4 of the Employment Act should also be amended to call explicitly for a detailed review of recent and current developments in prices and costs and for a program to deal with prices and costs. How effectively we shall be able to deal with these problems will depend in part on the climate of public opinion. The President's Economic Report can help in focusing public opinion, and an annual articulation of its views and programs is always good for the Administration itself.

(3) While fiscal and monetary policies to assure a reasonable balance between demand and productive capacity are not enough, they are essential. The Joint Economic Committee in its Report on Employment, Growth, and Price Levels had many criticisms of current policy, but it said flatly that we must "make sure that final money demand for goods and services grows at a rate equal to the increase in the potential supply of them."[14] With this dictum there should be little disagreement. All of us have our list of desirable modifications in the way fiscal and monetary policies are carried out. We could have better budgeting, for example, if the President had the power of item veto and if the Congress adopted some procedure for approving the whole budget, as well as approving each specific appropriation. Budgeting is, by definition, the allocation of limited resources to competing claims. Decisions, therefore, on a specific item involve more than ascertaining whether that program is itself desirable because the aggregate of individually worthy projects will always add up to too much. But it is also evident that shortfalls in our credit and fiscal performance occur primarily because of errors of judgment about the magnitude and timing of changes in policy, or through limitations on policies imposed by political processes. Our problem does not arise primarily because of seriously deficient instruments of policy, or even because we know so little about what would constitute noninflationary monetary and fiscal policies.

CHANGE IN OUTPUT, COSTS, AND PROFITS IN MANUFACTURING, 1955 TO 1957

Manufacturing output	+ 3.5%
Compensation of employees	+12.6
Corporate profits in manuf't'ng	— 8.4
Per unit of output:	
Compensation of employees	+ 8.6
Corporate profits	—10.6

SOURCE: Basic data from the Federal Reserve and Department of Commerce.

NOTE: The Federal Reserve's index covers total manufacturing output. The data for compensation of employees also covers total manufacturing. Corporate profits in manufacturing includes, by definition, only corporate profits. To be strictly comparable with the other two items, this should also include profits of noncorporate manufacturing businesses. Since most manufacturing activities is done by corporations, it is doubtful if the change in *total* profits in manufacturing was significantly different from the change in *corporate* profits in manufacturing during these years.

Opposes Price Hearings Proposal

(4) More intractable problems begin to emerge when we turn to the market-power dimension of the problem. Proposals for a Federal agency before whom price and wage adjustments would need to be justified are not promising. As J. M. Clark points out, even during the war, with prices controlled, we had creeping inflation. From 1942 to 1945 the consumer price index rose over 10%, the smallest annual rise being 1.7% from 1943 to 1944. While price pressures with which peace-time restraints would have to contend would be milder, the tolerance of the public for such controls would also be lower. And it is an open question whether proposals to prohibit price increases for only a limited period after the case is made before a Federal agency would limit the rise in the price level or accelerate it. It would drag out the price increase process, but it would also create strong incentives to make each price increase safely large and to defer as long as possible any price reduction. Most of these proposals, however, really look toward finding some way of creating an environment of public attention and sentiment within which the price-making and wage-making process will perform better. This is a desirable objective, but it is doubtful whether price and wage justification boards are a fruitful way of going about it.

(5) On the price side of this market-power problem we have at least a reasonably well-developed philosophy from seven decades' experience with anti-trust efforts. There is general agreement that this must continue to be a major means of creating a more vigorously competitive economy. The President has made numerous suggestions for further strengthening our anti-trust program, as did the Joint Economic Committee in its recent report. On many of these there seems to be a wide measure of agreement. In our zeal to strengthen our anti-trust program we must bear in mind that our objective should be to strengthen and protect competition, not to protect competitors. More vigorous competition will certainly accelerate that painful process which Schumpeter aptly described as the process of creative destruction.

There is, however, more to this problem than monopoly in the technical sense. States of mind are contagious in the business community as well as in other groups. This comfortable view among businessmen that price reductions do no good and price increases do little harm needs re-examination. It derives little support from surveys of consumer reactions to price changes.

Economists may also have contributed to the state of mind that vigorous pricing belongs to the horse and buggy era. Our measurements of price elasticity, often more tentative and uncertain than we have been willing to admit, have buttressed businessmen in this comfortable-pricing view that they are all too anxious to believe anyway.

It is quite possible that business management has allowed its pricing to become too stiff and arthritic even for its own good. In a speech to a business audience just two years ago, the President suggested this when he said:

"No feature of America's economic life has been more at the heart of our rapidly rising and widely shared levels of living than the daring of this Nation's businesses in pricing for volume and taking their chances on profits. It is no accident this policy has characterized our most profitable industries. If we are to maintain the vigor and vitality of our free economy, this drive for the widest possible markets must continue. A price policy designed to provide increasing volume should be nothing short of an article of faith for every businessman."[15]

Some of the monopolies, incidentally, that make a significant difference in the consumers' budget are right in the local communities. And these consumers themselves could do something about it. Through the simple device of more careful shopping, the stern discipline of price competition could once again be made respectable, and, better yet, essential for doing business.

Facing Up to Labor's Market Power

(6) For several reasons it has been more difficult to come to grips with the market-power problem on the wage side. Because economists were themselves slow in facing up to its existence, the intellectual discussion that is an essential antecedent to public policy decisions developed tardily. In part this may also have reflected a basic philosophical conflict. It has been the objective of public policy to encourage concentrations of power in the labor market—i. e., to encourage **collective** bargaining. Thus we find ourselves philosophically confused when we face expressions of this market power that turn out to be contrary to the country's economic welfare. Guidelines for remedial action are few. And we shall do well to proceed cautiously until we are sure that we have constructive approaches at hand. In the anti-trust field, by contrast, our program is aimed in the direction of where our philosophical preconceptions tell us we ought to be—namely, a competitive economy with fragmented power units.

While no one yet has succeeded in producing an acceptable full-blown program to deal with the wage-cost dimension of our price-level problem, some helpful things can be identified. First, we must recognize candidly that the problem does exist, and that to recognize it as a problem is not to be anti-labor. This step is now largely accomplished. The Joint Economic Committee itself concluded cautiously that market power exercised by strong unions has contributed to inflation in recent years. (The Committee was not spectacularly successful or eager, however, in its efforts to think of anything to do about it—exhibiting a sudden lack of self-confidence not characterizing its treatment of most other complicated policy questions.)

We should also work toward discontinuing cost of living escalators in labor contracts. Obviously changes in consumer prices will and should continue to influence wage levels. But these escalators are themselves a source of the inflation they are designed to safeguard the income recipient against. For one thing it is generally agreed that our price indexes probably are subject to some upward bias. Tying wages to an index that overstates changes in the true price level automatically raises costs and, therefore prices. Moreover, there are some changes in the consumer price index that ought not to result in corresponding income adjustments. If prices of fresh fruits and vegetables rise because of freezes in the growing area, or for seasonal reasons, the higher prices simply reflect the fact that there is less to consume, and there is no theoretical reason for adjusting money income. Moreover, the consumer price index is also influenced by changes in sales, excise and real estate taxes, but these are really a collectivization of incomes by which we provide for ourselves essential services that can better be done through government than individually. If we decide that we want more education (as I hope we shall) and increase our taxes to pay the bill, that is a decision about the allocation of our incomes. It is not a rise in the price level, and it does not imply that the real value of a given income has gone down.

My own feeling is that it would be wise to drop improvement factors also from labor contracts. Incomes can, of course, be expected to rise as productivity improves, and should rise. But these automatic escalators surely leave the union leader in an awkward position to claim much of a bargaining victory. If the arithmetic has been correct, anything beyond extending the old contract must produce an upward drift in labor costs per unit of output.

While we are at least far along in our ability to deal with the wage-cost aspect of these problems, we are apparently making progress. The average annual increase last year in hourly earnings of production workers in manufacturing, adjusted for overtime and inter-industry shifts, was 3.4%. This was still considerably above the 2-to-2½% long-run average increase in overall productivity. But the pace of the increases has shown a persistent decline from the 5.4% increase in 1956, and it was smaller in 1959 than during the recession year of 1958. Moreover, the larger annual increments to the labor force in the decade ahead, and the growing proportion of the work force in skilled, technical, and managerial posts indicate structural changes in the labor market that should further moderate the problem of wage inflation.

Conclusions

If this analysis is realistic, we come to two conclusions about the compatibility of our objectives. First, we should not in principle be disturbed because we seem to face the problem of achieving a proper balance among objectives that to some extent compete with each other. In most areas of policy our objectives are multidimensional; there is no reason to think that economic policy should be an exception.

Second, we should obviously try to reduce the degree of incompatibility of our objectives in order more nearly to achieve all of them. During recent years, in order to avoid the disorganizing results of an unsustainable surge we have been operating with a larger volume of unemployed resources than should be necessary for the long pull—even recognizing that a dynamic economy, being always in some disequilibrium, will at any point in time not seem to be using all of its productive resources most efficiently. While we do not have a full solution, some helpful steps can be taken. Whatever success we can have, gievn some evidence that natural economic forces are also moderating these inflationary biases, will be a contribution to a more complete utilization of the economy's productive resources and to a more rapid and ongoing economic expansion.

---

14 Report on Employment, Growth, and Price Levels, Joint Economic Committee. Report No. 1043 (86th Congress, 2nd Session), January 26, 1960. p. 3.

15 White House Press Release Text, May 20, 1958, p. 5.

*A paper presented by Dr. McCracken to the Great Lakes Regional Assembly, Lansing, Mich.

McDonnell Installs SCATS System

The new SCATS system for Teletype communication is now operating at all nine offices of McDonnell & Company, Incorporated. After one week's operation, the maximum time required for an order from any branch office to the floor of the New York or American Stock Exchanges has been slightly less than two minutes. Previously, similar orders required as much as five minutes depending upon any one branch operator's speed and his length of contact with the home office. McDonnell & Company, whose main office is at 120 Broadway, New York City, has branch offices in Chicago, Detroit, Denver, Los Angeles, San Francisco, as well as Toms River, Asbury Park, and Newark, New Jersey and 250 Park Avenue, New York.

At McDonnell & Company's main office, 120 Broadway, are the system's controller units. An operator, say in San Francisco, has a buy or sell order for the floor of the Exchange. He prepares his order on a perforated tape form and places the tape into the transmitter unit. A tape 12 inches long can hold approximately two orders or 25 words of a message and is transmitted in about 10 seconds. The central control office "calls" the office sequentially and the message is transmitted automatically at maximum speed to the New York Office.

Since there are ten offices, five each on the McDonnell & Company's two circuits, each office is contacted once every 50 seconds by the control mechanisms. However, should a message not be waiting transmission at an office, the control mechanism sensor bypasses that office and continues sequentially to the next office. As the orders are received in New York, they are placed directly on a conveyor which passes them in a few seconds to the telephone contact with the Exchange floor.

An additional unit designed to prepare only tapes is now being installed at McDonnell's central office. This will permit anyone with a knowledge of the typewriter keyboard to directly prepare tapes of research information, bond and syndicate quotes, or other intelligence during periods when the regular system's machines are in use. When the SCATS system again becomes available, the prepared tapes can be fed to it for high speed transmission.

With the SCATS system's successful experience, McDonnell & Company now finds that its branch offices everywhere are linked more rapidly than ever before with the floor of the New York Exchanges. The company is similarly in contact with other leading Exchanges throughout the country.

Axe Branch Manager

LOS ANGELES, Calif. — The newly opened office of Axe Securities Corporation at 530 West Sixth Street, is under the direction of Bruce F. Wilcox.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

Agricultural Research Development, Inc.
May 23 (letter of notification) 120,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For construction of buildings, purchase of equipment and for working capital. **Address**—Wiggins, Colo. **Underwriter**—Ladet & Co., Inc., Denver, Colo.

Alaska Empire Gold Mining Co.
April 12 (letter of notification) $300,000 of 6% income notes to be offered in multiples of $100 each. **Price**—At face value. **Proceeds**—For mining expenses. **Address**—Juneau, Alaska. **Underwriter** — Stauffer Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

Alderson Research Laboratories, Inc. (8/8-12)
May 26 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—48-14 33rd St., Long Island City, N. Y. **Underwriter** — Morris Cohon & Co., New York, N. Y.

● Allegheny Pepsi Cola Bottling Co.
June 9, 1960, filed 200,000 shares of common stock and $500,000 of 6¾% first mortgage bonds, due 1963 through 1972. **Price**—$5 per common share (par 50 cents), and bonds at 100% of principal amount. **Proceeds**—To purchase the outstanding shares of the Cloverdale Spring Co., and the balance for the general funds. **Office**—Guildford Ave., Baltimore, Md. **Underwriter**—Weil & Co. of Washington, D. C.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

Ameco Electronic Corp. (7/25-29)
May 19 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 37 E. 18th Street, New York, N. Y. **Underwriter**—Palombi Securities Co., New York, N. Y.

● American Bowla-Bowla Corp. (8/1-5)
April 15 filed 120,000 shares of common stock and warrants for the purchase of an additional 60,000 shares. The company proposes to offer these securities for public sale in units consisting of two shares of stock (par 25 cents) and one warrant. **Price**—$6.50 per unit. **Proceeds**—To cover an initial installment on the purchase price of two additional bowling centers; for furniture and fixtures thereon; and the balance to be added to working capital and be available for general corporate purposes. **Office**—400 38th St., Union City, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York.

American Duralite Corp.
June 30, 1960 (letter of notification) 290,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For inventory, expansion, and to increase accounts receivable. **Address**—Loudon, Tenn. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected sometime in September.

● American Electronics, Inc. (8/9)
June 13, 1960, filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including construction and debt reduction. **Office** — 1725 West Sixth St., Los Angeles, Calif. **Underwriter**—Shields & Co., New York City.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock being offered for subscription by holders of common stock of record June 1, on the basis of one share for each six shares then held, with rights to expire at 2:00 p.m. CST on Aug. 30, at $7 per share. Additional shares may be subscribed for at $8 per share. **Price**—$8 per share. **Proceeds**—To increase capital and surplus. **Office** — 1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., of Memphis, Tenn.

American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

● American Research & Development Corp. (8/4)
June 28, 1960, filed 350,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added

Continued on page 27

NEW ISSUE CALENDAR

July 22 (Friday)

Aviation Employees Corp.______________Common
(Sterling, Grace & Co.) $5,000,000

Cubic Corp.______________Capital
(Hayden, Stone & Co.) 50,000 shares

Edwards Engineering Corp.______________Common
(Sandkuhl & Company, Inc.) $297,500

Oxford Manufacturing Co., Inc.______________Common
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Powertron Ultrasonics, Inc.______________Common
(No underwriting) $410,000

July 25 (Monday)

Ameco Electronic Corp.______________Common
(Palombi Securities Co.) $300,000

Associated Testing Laboratories, Inc.______Common
(Drexel & Co.) 75,000 shares

Automatic Cafeterias for Industry, Inc.___Common
(Richard Gray Co.) $126,600

Brook Labs. Co., Inc.______________Common
(Sandkuhl & Company, Inc. and J. J. Magaril Co.) $297,000

Bruce National Enterprises, Inc.__________Common
(George, O'Neill & Co., Inc.) $2,010,000

Cellomatic Battery Corp.______________Units
(Willis E. Burnside & Co., Inc.) $300,000

Chemical Packaging Co., Inc.______________Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Chemtree Corp.______________Common
(Havener Securities Corp.) $262,750

Colorado Real Estate & Development, Inc.____Com.
(Adams & Peck) $750,000

Continental Boat Corp.______________Common
(J. E. Coburn Associates, Inc.) $300,000

Drug Associates, Inc.______________Units
(Fidelity Securities & Investment Co., Inc.) $110,000

Dwyer-Baker Electronics Corp.__________Common
(Frank B. Bateman, Ltd., Hardy & Co. and Jack M. Bass & Co.) $300,000

Dynatron Electronics Corp.______________Common
(General Securities Co., Inc.) $100,000

E. S. C. Electronics Corp.______________Common
(Laird, Bissell & Meeds) $300,000

Edgerton, Germeshausen & Grier, Inc.____Common
(Kidder, Peabody & Co.) 120,000 shares

Federal Steel Corp.______________Common
(Westheimer & Co.) $295,000

Foto-Video Electronics Corp.______________Class B
(Fund Planning, Inc.) $500,000

Hydrometals, Inc. ______________Conv. Debentures
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $2,500,000

Kings Electronics Co., Inc.______________Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000

Midwest Technical Development Corp.___Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co. and Piper, Jaffray & Hopwood) 561,500 shares

National Fountain Fair Corp.______________Common
(General Investing Corp.) $300,000

Navajo Freight Lines, Inc.______________Common
(Hayden, Stone & Co. and Lowell, Murphy & Co.) 250,000 shares

Reeves Broadcasting & Development Corp.____Com.
(Laird & Co. Corp.) $2,336,960

Republic Steel Corp.______________Debentures
(First Boston Corp and Merrill Lynch, Pierce Fenner & Smith, Inc.) $125,000,000

Safticraft Corp. ______________Common
(George, O'Neill & Co., Inc.) $825,000

Saucon Development Corp.______________Common
(P. Michael & Co.) Not to exceed $300,000

Smith, (Herman H.), Inc.______________Common
(First Broad Street Corp.; Globus, Inc.; Russell & Saxe, Inc.; V. S. Wickett & Co., Inc. and Street & Co., Inc.) $246,000

Softol, Inc.______________Common
(Harwyn Securities, Inc.) $300,000)

Western Publishing Co., Inc.______________Common
(Goldman, Sachs & Co.) 362,114 shares

July 26 (Tuesday)

Chicago Musical Instrument Co.__________Common
(Smith, Barney & Co.) 260,000 shares

Consumers Power Co.______________Debentures
(11:00 a.m. EDT) $38,101,600

Control Data Corp.______________Common
(Dean Witter & Co.) 125,000 shares

Drug Fair-Community Drug Co., Inc.______Common
(Auchincloss, Parker & Redpath) 150,000 shares

Drug Fair-Community Drug Co., Inc.__________Units
(Auchincloss, Parker & Redpath) $500,000

El Paso Natural Gas Co.______________Common
(Offering to stockholders—White, Weld & Co. Inc.) 1,140,000 shares

Seaboard Finance Co.______________Debentures
(Lehman Brothers and Blyth & Co., Inc.) $40,000,000

Southern Counties Gas Co.______________Bonds
(8:30 a. m. PDST) $23,000,000

July 27 (Wednesday)

Seaboard Air Line RR.__________Equip. Trust Ctfs.
(Bids to be invited) $3,030,000

July 28 (Thursday)

Black Hills Power & Light Co.__________Common
(Offering to stockholders—underwritten by Dillon, Read & Co., Inc.) 32,842 shares

Cenco Instruments Corp.__________Conv. Debentures
(Lehman Brothers) $5,000,000

Florida Capital Corp.______________Common
(A. C. Allyn & Co., Inc.) 500,000 shares

International Harvester Credit Corp.___Debentures
(Morgan Stanley & Co., Glore, Forgan & Co. and William Blair & Co.) $50,000,000

Sav-A-Stop, Inc. ______________Common
(Pistell, Crow Inc.) $450,000

August 1 (Monday)

American Bowla Bowla Corp.______________Units
(Hill, Thompson & Co., Inc.) $390,000

Arkansas Valley Industries, Inc.______Debentures
(A. G. Edwards & Sons) $400,000

Arkansas Valley Industries, Inc.__________Common
(A. G. Edwards & Sons) 30,000 shares

Astrotherm Corp.______________Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $616,000

Avnet Electronics Corp.______________Common
(Hemphill, Noyes & Co.) 150,000 shares

Avnet Electronics Corp.__________Conv. Debentures
(Hemphill, Noyes & Co.) $2,000,000

Campbell Machine, Inc.______________Common
(J. A. Hogle & Co.) 102,500 shares

Conetta Manufacturing Co., Inc.__________Common
(Pearson, Murphy & Co., Inc.) $500,000

Custom Craft Marine Co., Inc.__________Common
(R. A. Holman & Co., Inc.) $255,000

Dechert Dynamics Corp.______________Common
(Plymouth Securities Corp.) $300,000

Electri-Cord Manufacturing Co., Inc.______Common
(E. M. North Co., Inc.) $289,760

Electromagnetic Industries, Inc.__________Common
(Flomenhaft, Seidler & Co., Inc.) $300,000

Evans Rule Co.______________Common
(McDonnell & Co., Inc.) 145,000 shares

Fairmount Finance Co.______________Common
(J. T. Patterson & Co., Inc.) $290,000

Inter-County Telephone & Telegraph Co.____Com.
(Dean Witter & Co.) 125,000 shares

Investors Funding Corp. of New York__Debentures
(No underwriting) $1,400,000

Lee Filter Corp.______________Capital
(Myron A. Lomasney & Co.) $962,500

Lestoil Products, Inc.______________Units
(Paine, Webber, Jackson & Curtis and Alex. Brown & Sons) $4,125,000

Metropolitan Development Corp.__________Capital
(William R. Staats & Co.; Eache & Co. and Shearson, Hammill & Co.) 1,600,000 shares

Namm-Loeser's Inc. ______________Common
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

Renmar Corp. ______________Common
(D. Klapper Associates, Inc.) $330,000

Steck Co. ______________Common
(Rauscher, Pierce & Co., Inc.) 60,000 shares

United Aero Products Corp.______________Common
(L. C. Wegard & Co.; Street & Co., Inc.; Woodcock, Moyer, Fricke & French; First Broad Street Corp. Russell & Saxe and V. S. Wickett & Co., Inc.) $300,000

United States Boat Corp.______________Common
(Richard Bruce & Co., Inc.) $700,000

Variable Annuity Life Insurance Co. of America ______________Common
(John C. Legg & Co.) 1,000,000 shares

Willer Color Television System, Inc.______Common
(Equity Securities Co.) $242,070

August 2 (Tuesday)

Southwestern Bell Telephone Co.______Debentures
(11 a.m. EDT) $100,000,000

August 4 (Thursday)

American Research & Development Corp.____Com.
(Lehman Brothers) 350,000 shares

August 8 (Monday)

Alderson Research Laboratories, Inc.____Common
(Morris Cohon & Co.) $300,000

Arnoux Corp. ______________Common
(Shearson, Hammill & Co.) 133,000 shares

Dalto Corp. ______________Common
(No underwriting) 134,739 shares

Narragansett Capital Corp.______________Common
(G. H. Walker & Co.) $11,000,000

National Patent Development Corp.______Common
(Globus, Inc. and Ross, Lyon & Co.) $150,000

Whitmoyer Laboratories, Inc.______________Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc.__________Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

August 9 (Tuesday)

American Electronics, Inc.______________Common
(Shields & Co.) 300,000 shares

Louisville & Nashville RR.______Equip. Trust Ctfs.
(Bids to be received) $7,530,000

Trans-Coast Investment Co.______________Common
(Lehman Brothers) 400,000 shares

August 10 (Wednesday)

Capri Pools, Inc.______________Common
(Nassau Securities Service) $125,000

United Sheet Metal Co., Inc.______________Common
(R. W. Pressprich & Co.) 170,000 shares

August 11 (Thursday)

Infrared Industries, Inc.______________Common
(Lehman Brothers) 135,000 shares

August 15 (Monday)

Consolidated Research & Mfg. Corp.----------Units
(Bertner Bros.) $325,000

Dunbar Development Corp.----------Common
(Netherlands Securities Co., Inc. and J. A. Winston & Co., Inc.) $300,000

Fitchburg Paper Co.----------Common
(White, Weld & Co.) 325,000 shares

Gold Medal Packing Corp.----------Conv. Preferred
(Ernst Wells, Inc.) $400,000

Itemco, Inc.----------Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

National Capital Corp.----------Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,200,000

Pacotronics, Inc.----------Common
(Myron A. Lomasney & Co.) $600,000

Roto American Corp.----------Common
(Morris Cohon & Co.) 75,000 shares

Sealed Air Corp.----------Common
(Bertner Bros. and Earl Edden Co.) $100,000

Tech-Ohm Electronics, Inc.----------Common
(Edward Lewis Co., Inc.) $300,000

Telephone & Electronics Corp.----------Common
(Equity Securities Co.) $264,900

Transnation Realty Corp.----------Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Transnation Realty Corp.----------Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Transnation Realty Corp.----------Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

August 16 (Tuesday)

Michigan Bell Telephone Co.----------Debentures
(Bids to be invited) $35,000,000

August 17 (Wednesday)

Harcourt, Brace & Co., Inc.----------Common
(White, Weld & Co.) 493,425 shares

Natural Gas Pipeline Co. of America----Cum. Pfd.
(Dillon, Read & Co., Inc.) 150,000 shares

Natural Gas Pipeline Co. of America------Bonds
(Dillon, Read & Co., Inc. and Halsey, Stuart & Co. Inc.) $25,000,000

Warner Electric Brake & Clutch Co.------Common
(Blunt Ellis & Simmons and Bacon, Whipple & Co.) 154,916 shares

August 22 (Monday)

Avionics Investing Corp.----------Capital
(S. D. Fuller & Co.) $4,000,000

Chematomics, Inc.----------Common
(Pleasant Securities Co.) $564,900

Deluxe Aluminum Products, Inc.----------Common
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc.------Debentures
(R. A. Holman & Co., Inc.) $330,000

Electro-Tec Corp.----------Common
(Harriman Ripley & Co., Inc.) 135,000 shares

Pearson Corp.----------Common
(R. A. Holman & Co., Inc.) 50,000 shares

Reilly-Wolff Associates, Inc.----------Class A
(Arden Perin & Co., Inc.) $215,000

August 23 (Tuesday)

Southern California Edison Co.----------Bonds
(Bids to be invited) $60,000,000

August 24 (Wednesday)

Northern Pacific Ry.----------Equip. Trust Ctfs.
(Bids to be invited) $6,270,000

August 29 (Monday)

Sachar Properties, Inc.----------Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $600,000

September 13 (Tuesday)

Virginia Electric & Power Co.----------Bonds
(Bids to be invited) $25,000,000

September 14 (Wednesday)

Utah Power & Light Co.----------Bonds
(Bids to be invited) $16,000,000

Utah Power & Light Co.----------Preferred
(Bids to be invited) $10,000,000

September 15 (Thursday)

East Central Racing & Breeders Association Inc.----------Units
(No underwriting) $700,000

September 20 (Tuesday)

Public Service Electric & Gas Co.----------Bonds
(Bids to be invited) $50,000,000

September 21 (Wednesday)

Pacific Power & Light Co.----------Bonds
(Bids noon) $20,000,000

Rochester Telephone Co.----------Bonds
(Bids to be received) $12,000,000

September 26 (Monday)

Cavitron Corp.----------Common
(No underwriting) $600,000

September 27 (Tuesday)

Indianapolis Power & Light Co.----------Bonds
(11:00 a. m. N. Y. Time) $12,000,000

September 28 (Wednesday)

New York Telephone Co.----------Bonds
(Bids to be received) $60,000,000

New York Telephone Co.----------Common
(Bids to be received) $120,000,000

October 4 (Tuesday)

San Diego Gas & Electric Co.----------Bonds
(Bids to be invited) $25,000,000

October 6 (Thursday)

Columbia Gas System, Inc.----------Debentures
(Bids to be invited) $30,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co.----------Bonds
(Bids to be invited) $16,000,000

October 19 (Wednesday)

Union Electric Co.----------Bonds
(Bids 11 a.m. EDT) $50,000,000

October 20 (Thursday)

Florida Power Corp.----------Bonds
(Bids to be received) $25,000,000

October 25 (Tuesday)

American Telephone & Telegraph Co.--Debentures
(Bids to be received) $250,000,000

November 3 (Thursday)

Georgia Power Co.----------Bonds
(Bids to be invited) $12,000,000

December 6 (Tuesday)

Northern States Power Co. (Minn.)----------Bonds
(Bids to be invited) $35,000,000

Continued from page 26

to the general funds of the company and will be available for investment in accordance with its investment policies, as the management may approve, (a) in new projects and (b) in company in which the issuer has already invested funds. **Office**—200 Berkeley St., Boston, Mass. **Business**—Registered investment company. **Underwriter**—Lehman Brothers, New York.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

● **American Stereophonic Corp.**
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—Hamilton Waters & Co., Inc., 250 Fulton Ave., Hempstead, N. Y.

Arco Electronics, Inc.
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter** — Michael G. Kletz & Co., Inc., New York City. **Offering**—Expected in late July or early August.

Arden Farms Co.
May 13, 1960, filed 44,278 shares of preferred stock, and 149,511 shares of common stock. The company is offering the preferred shares at $52 per share, and common shares at $15 per share, initially through subscription warrants. The holders of outstanding preferred stock will be entitled to purchase the new preferred at the rate of one new share for each 10 shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each 10 shares held. The record date for both groups is June 23 with rights to expire on or about Sept. 16. **Proceeds** — To repay the equivalent portion of bank loans. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

Arizona-New Mexico Development Corp.
June 28, 1960 (letter of notification) 12,000 shares of common stock (par $4) and 48,000 shares of convertible preferred stock (par $4) to be offered in units of one share of common and four shares of preferred. **Price**—$25 per unit. **Proceeds** — To develop land as a tourist attraction. **Office**—Scottsdale, Ariz. **Underwriter**—Preferred Securities, Inc.

● **Arkansas Valley Industries, Inc. (8/1-5)**
June 9, 1960, filed $400,000 of 6% convertible subordinated sinking fund debentures and 30,000 shares of common stock, $3 par. $200,000 of the debentures will be issued to Arkansas Valley Feed Mills, Inc.; the remainder of the registration will be publicly offered. **Price** —To be supplied by amendment. **Proceeds** — To retire current bank loans and increase working capital. **Office** —Dardanelle, Ark. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

● **Arnoux Corp. (8/8-12)**
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York.

Associated Testing Laboratories, Inc. (7/25-29)
May 25 filed 75,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** —To retire $100,000 of short-term bank loans, to provide additional facilities and equipment for plants at Wayne, N. J., and Winter Park, Fla., and the balance will be added to working capital. **Office**—Clinton Road, Caldwell, N. J. **Underwriter**—Drexel & Co., New York and Philadelphia.

● **Astrex Corp.**
July 12, 1960, filed 100,000 shares of common stock. **Price** —$4 per share. **Proceeds** — For general corporate purposes, including debt reduction. **Business**—The distribution of equipment used principally in the electronics, aircraft and missile industries. **Office**—New York City. **Underwriters**—Clayton Securities Corp., Boston, Mass., and Maltz, Greenwald & Co., of New York City. **Offering**—Expected in mid-September.

● **Astrotherm Corp. (8/1-5)**
May 24 filed $308,000 of 8% subordinated convertible debentures, due July 1970, 154,000 shares of common stock, and 46,200 common stock purchase warrants. The company proposes to offer these securities in units, each unit to consist of $100 of principal amount of debentures, 50 common shares, and 15 warrants exercisable initially at $2 per share. **Price**—$200 per unit. **Proceeds**—To repay loans, purchase new equipment and the balance for working capital. **Office**—Indianapolis, Ind. **Underwriters** —Ross, Lyon & Co., Inc., Globus, Inc., and Harold C. Shore & Co., all of New York City.

Atlantic Bowling Corp.
June 27, 1960, filed 250,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To furnish and equip additional bowling centers, including the repayment of any temporary indebtedness so incurred, and for working capital. Any balance will be used for general corporate purposes, which may include equipment of additional bowling centers, or the purchase of such centers from others, and the reduction of indebtedness. **Office**—100 Medway Street, Providence, R. I. **Underwriters**—Sutro Bros. & Co., New York and McDowell, Dimond & Co., Providence, R. I. **Offering**—Expected in late August or early September.

● **Automatic Cafeterias for Industry, Inc. (7/25-26)**
May 31 (letter of notification) 42,200 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Dover, County of Kent, Del. **Underwriter** — Richard Gray Co., New York, N. Y.

● **Aviation Employees Corporation (7/22)**
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—Sterling, Grace & Co., New York City and Rouse, Brewer, Becker & Bryant of Washington, D. C.

Avionics Investing Corp. (8/22)
July 12, 1960, filed 400,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City.

● **Avnet Electronics Corp. (8/1-5)**
June 15, 1960, filed $2,000,000 of convertible debentures, due 1975, to be offered for public sale by the issuing company and 150,000 outstanding shares of common stock to be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—Of the debentures: to repay short-term bank loans, to maintain inventory, and for working capital. **Office**—70 State St., Westbury, Long Island, N. Y. **Underwriter**—Hemphill, Noyes & Co., New York City.

Bal-Tex Oil Co., Inc.
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

★ **Belkraft Home Products Co.**
July 8, 1960 ((letter of notification) 8,900 shares of common stock (no par). **Price**—$10 per share. **Office**—3441 Warsaw Ave., Cincinnati, Ohio. **Underwriter**—None.

● **Benson-Lehner Corp.**
June 27, 1960, filed 75,000 shares of common stock, of which 67,500 shares are to be offered for public sale by the company and 7,500 shares, being outstanding stock, by the present stockholders thereof. **Price** — To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term bank loans the proceeds of which were used for working capital, $100,000 will be advanced to subsidiaries as working capital, and the balance will be added to the company's working capital. **Office**—1860 Franklin St., Santa Monica, Calif. **Business**—Engaged in the development, manufacture and sale of data processing equipment, research and service in the field of information retrieval, and the development, manufacture and sale of scientific cameras. **Underwriter** — Bear, Stearns & Co., New York. **Offering**—Expected in late August.

Black Hills Power & Light Co. (7/28-8/11)
June 28, 1960, filed 32,842 shares of common stock, to be offered initially for subscription of holders of outstanding common stock on the basis of one new share for each 12 shares held. **Price** — In the aggregate, not in excess of $1,000,000. **Proceeds**—Together with other funds and funds on hand, will cover the remaining cost of the

Continued on page 28

Continued from page 27

company's fiscal 1960 construction program, including the repayment of interim bank loans obtained for such purpose. **Office**—621 Sixth St., Rapid City, S. Dak. **Underwriter**—Dillon, Read & Co. Inc., New York.

Bristol Dynamics, Inc.
June 28, 1960, filed 124,000 shares of common stock, of which 69,000 shares are to be offered for public sale for the account of the issuing company and 55,000 shares, being outstanding stock, by the present holders thereof. **Price**—$6 per share. **Proceeds**—$100,000 for expansion and further modernization of the company's plants and equipment; $100,000 for research and development of new products; and the balance (about $123,000) for working capital and other corporate purposes. **Office**—219 Alabama Ave., Brooklyn, N. Y. **Business**—Designing, engineering, manufacturing, producing, and selling electrical and mechanical assemblies, electronic and missile hardware components and special tools and fabrications. **Underwriter** — William David & Co., Inc., New York. **Offering**—Expected in late August or early September.

• **Brooks Labs. Co., Inc. (7/25-29)**
May 31 (letter of notification) 108,000 shares of common stock (par 10 cents) of which 28,000 shares are being sold for selling stockholders. **Price** — $2.75 per share. **Proceeds**—For general corporate purposes. **Office**—650 Lincoln Place, Brooklyn 16, N. Y. **Underwriters**—Sandkuhl & Company, Inc., New York City and Newark, N. J. and J. J. Magaril Co., 37 Wall St., New York, N. Y.

Bruce National Enterprises, Inc. (7/25-29)
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George, O'Neill & Co., Inc., New York.

• **Buzzards Bay Gas Co., Hyannis, Mass.**
June 7 filed 27,000 outstanding shares of common stock, to be offered for sale by American Business Associates. **Price** — To be supplied by amendment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. **Offering**—Indefinitely postponed.

Byer-Rolnick Hat Corp.
May 9 filed 100,000 outstanding shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—601 Marion Drive, Garland, Tex. **Underwriters** — Dallas Rupe & Son, Inc., Dallas, Texas and Straus, Blosser & McDowell, Chicago, Ill. **Note**—This offering has been indefinitely delayed.

• **C. F. C. Funding Inc.**
May 6 (letter of notification) 75,000 shares of common stock (par 10 cents), **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—90 Broad St., New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y. **Offering**—Imminent.

• **Campbell Machine, Inc. (8/1-5)**
June 20, 1960, filed 102,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Foot of Eighth Street, San Diego, Calif. **Business**—The company conducts a shipyard business which consists of repair and maintenance of U. S. Navy and commercial vessels. **Underwriter**—J. A. Hogle & Co., Salt Lake City, Utah.

★ **Capital Investments, Inc.**
July 15, 1960 filed 60,000 shares of common stock. **Price**—$11 per share. **Business**—Issuer is a closed-end, nondiversified management investment company providing equity capital and advisory services to small business concerns. **Proceeds** — For general corporate purposes. **Office**—743 No. Fourth St., Milwaukee, Wis. **Underwriter**—The Marshall Co., Milwaukee.

Capri Pools, Inc. (8/10)
June 23, 1960 (letter of notification) 125,000 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For expansion, tooling, repayment of indebtedness, working capital and inventory. **Office**—2838 N. Naomi Street, Burbank, Calif. **Underwriter**—Nassau Securities Service, New York, N. Y.

Castleton's, Inc.
June 13 (letter of notification) 160,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For working capital. **Office**—1350 Foothill Road, Boulevard, Salt Lake City, Utah. **Underwriters**—Potter Investment Co. and Whitney & Co., Salt Lake City, Utah.

Cavitron Corp. (9/26-30)
June 17, 1960, filed 40,000 shares of common stock. **Price** $15 per share. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

Cellomatic Battery Corp. (7/25-29)
May 20 (letter of notification) $270,000 of 6% guaranteed 5-year convertible notes and 6,000 shares of common stock (par 10 cents) to be offered in units consisting of a $90 note and two shares of common stock. **Price**—$100 per unit. **Proceeds**—For working capital. **Office**—300 Delaware St., Archibald, Pa. **Underwriter**—Willis E. Burnside & Co., Inc., New York, N. Y.

• **Cenco Instruments Corp. (7/28)**
June 23, 1960, filed $5,000,000 of convertible subordinated debentures due Aug. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—1700 W. Irving Park Rd., Chicago 13, Ill. **Underwriter** — Lehman Brothers, New York.

★ **Central Charge Service, Inc.**
July 18, 1960, filed $2,000,000 of subordinated sinking fund debentures, due Aug. 31, 1975, with attached warrants to purchase 60,000 common shares, and an additional 60,000 common shares. **Price**—To be supplied by amendment. **Business** — The issuer provides a retail charge account service and credit facilities for merchants by discounting customers' sales tickets. **Proceeds**—To redeem $300,000 of outstanding 6% subordinated participating debentures at 110% of principal amount, to increase working capital, and to reduce indebtedness. **Office**—620 11th Street, N. W., Washington, D. C. **Underwriter** — Auchincloss, Parker & Redpath, Washington, D. C. **Offering**—Expected in late August.

Chematomics, Inc. (8/22-26)
June 24, 1960, filed 188,300 shares of common stock (par 10 cents), of which 175,000 are to be offered for public sale by the company and 13,300 shares, being outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd Street, New York, N. Y. **Business**—Intends to manufacture and market high heat resistant ion exchange resins. **Underwriter**—Pleasant Securities Co., Newark, N. J.

• **Chemical Packaging Co., Inc. (7/25-29)**
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

• **Chemtree Corp. (7/25-29)**
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York,, N. Y.

• **Chicago Musical Instrument Co. (7/26-28)**
June 15, 1960, filed 260,000 shares of common stock (par $1), of which 40,000 are to be offered for public sale by the company and 220,000 are outstanding and are to be offered for the account of present holders. **Price**—To be supplied by amendment. **Proceeds**—From the public offering, will be used for normal expansion and possible acquisitions. **Office**—7373 North Cicero Ave., Chicago, Ill. **Underwriter**—Smith, Barney & Co. of Chicago, Ill. and New York City.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

City Gas Co. of Florida
June 27, 1960, filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — Together with other funds, will be used for repayment of $2,800,000 of bank loans which are expected to exist in such amount at the time of closing the stock financing, $500,000 to complete the company's conversion and construction program, and the balance for general corporate purposes. **Office**—955 East 25th St., Hialeah, Fla. **Business** — The company and its subsidiaries distribute gas through underground distribution systems in the Miami area which are in the process of conversion from liquified petroleum gas to natural gas systems. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in late August.

Civic Finance Corp.
July 6, 1960 filed $650,000 of capital notes, series due 1980 (subordinated), with warrants to purchase common shares, and 40,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to provide additional working capital. **Business**—The company is engaged in commercial financing and supplies funds to business concerns in Wisconsin and neighboring states. **Office**—530 North Water St., Milwaukee, Wis. **Underwriter** — Robert W. Baird & Co., Inc., Milwaukee, Wis.

★ **Colorado General Life Insurance Co.**
July 11, 1960 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For surplus account and working capital. **Office**—4710 W. Colfax, Denver, Colo. **Underwriter**—None.

Colorado Real Estate & Development, Inc. (7/25-29)
June 23, 1960, filed 150,000 shares of common stock (par $2). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 704 Midland Savings Building, Denver, Colo. **Business**—Intends to engage in the acquisition of unimproved acreage, the development of that acreage into prepared sites for single-family homes, multiple dwellings and commercial improvements, and the sale of those sites to builders and others. **Underwriter**—Adams & Peck, New York.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commonwealth Development & Construction Co.
May 24 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—11th & Main Sts., Pennsburg, Pa. **Underwriters**—Vickers, Christy & Co., Inc., 15 William St., New York, N. Y. and First City Securities, Inc., New York, N. Y.

Computer Equipment Corp.
June 17, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—For working capital, market analysis, and research. **Office**—1931 Pontius Avenue, Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

• **Conetta Manufacturing Co., Inc. (8/1-5)**
June 3 filed 125,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes including the reduction of indebtedness, the purchase of machinery and equipment, and for working capital. **Office**—73 Sunnyside Ave., Stamford, Conn. **Underwriter** — Pearson, Murphy & Co., Inc., New York City.

Connecticut & Chesapeake, Inc.
April 29 filed $585,000 of 4½% promissory notes and 2,250 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of $260 of notes due Oct. 1, 1991 and one share of stock, provided that the minimum purchase shall be 10 units for a minimum consideration of $3,600 ($2,600 of notes and 10 shares of stock). **Price**—$360 per unit. **Proceeds**—For repayment of certain advances made to the company. **Office** — 724-14th Street, N. W., Washington, D. C. **Underwriter**—Shannon & Luchs Securities Corp.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

• **Consolidated Research & Manufacturing Corp. (8/15-19)**
May 27 filed 50,000 shares of class A and 50,000 shares of class B stock (par 10 cents). The company proposes to offer these shares in units of one share of each class. **Price**—$6.50 per unit. **Proceeds**—For equipment, sales expansion, increased advertising and marketing program budget, and working capital and general expansion. **Office** — 1184 Chapel Street, New Haven, Conn. **Underwriter**—Bertner Bros., New York.

Consumers Power Co. (7/26)
June 15, 1960, filed $38,101,600 of convertible debentures, due 1975, to be offered for subscription by holders of record as of 3:30 p.m. EDT, July 26, at the rate of $100 of debentures for each 25 shares of stock then held with no oversubscription privilege, and rights to expire on Aug. 12, at 4:30 p.m. EDT. **Price** — 100% of principal amount. **Proceeds**—For the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. .Inc.; Morgan Stanley & Co.; First Boston Corp. and Harriman Ripley & Co. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly). **Bids**—Expected to be received on July 26 at 11:00 a.m. (New York Time). **Information Meeting**—Scheduled for July 22 at 11:00 a.m. at the Bankers Trust Co., 16 Wall St., New York City, 12th floor.

Consumers Water Co.
June 21, 1960 (letter of notification) 3,500 shares of common stock (par $1). **Price**—$28.25 per share. **Proceeds**—To go to a selling stockholder. **Office**—95 Exchange St., Portland, Me. **Underwriter**—H. M. Payson & Co., Portland, Me.

• **Continental Boat Corp. (7/25-29)**
June 15, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To purchase raw materials, advertising and for working capital. **Office** — 1815 N. E. 144th St., North Miami, Fla. **Underwriter**—J. E. Coburn Associates, Inc., New York, N. Y.

• **Control Data Corp. (7/26)**
June 2 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,500,000 of bank loans and the balance to be used for working capital and general corporate purposes. **Office**—501 Park Avenue, Minneapolis, Minn. **Underwriter**—Dean Witter & Co. of Minneapolis, Minn. and New York City.

Country Club Corp. of America
April 29 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For repayment of outstanding debt, including payment of mortgages, taxes, notes, and miscellaneous accounts payable; for general corporate purposes and construction of new facilities. **Office** — 1737 H. Street, N. W., Washington, D. C. **Underwriter**—A. J. Gabriel Co., Inc., New York. **Offering**—Expected in late July or early August.

• **Cubic Corp. (7/22-25)**
June 8, 1960, filed 50,000 shares of capital stock, of which 25,000 shares are being offered for the account of the company, and 25,000 shares for the account of selling stockholders. **Price**—At-the-market at time of offering. **Proceeds**—For additional working capital. **Office**—5575 Kearney Villa Road, San Diego 11, Calif. **Underwriter**—Hayden, Stone & Co., New York City.

Custom Craft Marine Co., Inc. (8/1-5)
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Dalto Corp. (8/8-12)
March 29 filed 134,730 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amend-

ment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

Dechert Dynamics Corp. (8/1-5)
May 31, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses of offering, to pay instalment contracts, for electronics research and sales promotion, and other general purposes. **Office**—713 W. Main St., Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

Deluxe Aluminum Products, Inc. (8/22-26)
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

Drug Associates, Inc. (7/25-29)
May 6 (letter of notification) 100 units of $100,000 of 7% sinking fund debenture bonds and 10,000 shares of common stock (par $1) to be offered in units consisting of one $1,000 debenture and 100 shares of common stock. **Price**—$1,100 per unit. **Proceeds**—For general corporate purposes. **Office**—1238 Corlies Ave., Neptune, N. J. **Underwriter**—Fidelity Securities & Investment Co., Inc., Asbury Park, N. J.

Drug Fair-Community Drug Co., Inc. (7/26-27)
June 10, 1960, filed $500,000 of subordinated sinking fund debentures, due Sept. 15, 1975, with attached warrants for the purchase of 25,000 shares of common stock A, $1 par, and 150,000 additional shares of said stock. These debentures and warrants will be offered in units consisting of a $500 debenture and a warrant for the purchase of 25 shares of stock. **Price**—$500 per unit, with the price of the stock to be supplied by amendment. **Proceeds**—Of the stock issue, the proceeds from the sale of 50,000 shares will go to selling stockholders. The proceeds from the remainder of the registration will be added to the issuer's working capital and, together with other funds, will be used to repay indebtedness and to open 15 new stores in 1960-61. **Office**—1200 South Eads St., Arlington, Va. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Dunbar Development Corp. (8/15-19)
June 22, 1960 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price** — $4 per share. **Proceeds**—For general corporate purposes. **Office**—237 Sylvester St., Westbury, L. I., N. Y. **Business**—Purchase of land and building of homes. **Underwriters**—Netherlands Securities Co., Inc., and J. A. Winston & Co., Inc., New York, N. Y.

Durox of Minnesota, Inc.
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

• **Dwyer-Baker Electronics Corp. (7/25-29)**
June 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To pay current maturity of mortgage and notes and for working capital. **Office**—7400 N. W. 13th Ave., Miami, Fla. **Underwriters** — Frank B. Bateman, Ltd., Palm Beach, Fla., Hardy & Co., New York, N. Y., and Jack M. Bass & Co., of Nashville, Tenn.

Dynamic Center Engineering Co., Inc.
June 20, 1960 (letter of notification) 37,450 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To promote the sale of new products, for the purchase of additional equipment and working capital. **Address**—Norcross, Ga. **Underwriter**—Gaston-Buffington-Waller Inc., Atlanta, Ga.

• **Dynatron Electronics Corp. (7/25-29)**
April 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—178 Herricks Road, Mineola, N. Y. **Underwriter**—General Securities Co., Inc., New York, N. Y. **Note**—The underwriter states that the size of this offering may be increased.

★ **EDSCO Manufacturing Co., Inc.**
July 14, 1960, (letter of notification) 24,500 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To purchase machinery and equipment, real property and for operating capital. **Office** — 801 W. 8th Street, Vancouver, Wash. **Underwriter**—None.

• **E. S. C. Electronics Corp. (7/25-29)**
May 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 534 Bergen Boulevard, Palisades Park, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

East Central Racing and Breeders Association, Inc. (9/15)
July 5, 1960, filed 200,000 units of 200,000 shares of capital stock and 200,000 warrants to purchase capital stock. Each unit will consist of one share and one warrant for the purchase of an additional share exercisable within 12 months. **Price**—$3.50 per unit. **Proceeds**—First step in the management's program if this financing is successful and after allocating $10,000 to finishing a training track surface and $25,000 to property accruement and maintenance, is the construction of about 15 stables to accommodate 32 horses each at an estimated cost of $22,500 each. An additional $200,000 has been allocated for construction of a building covering an indoor training track and $74,000 for working capital. **Office** — Randall, N. Y. **Underwriter**—None.

• **Edgerton, Germeshausen & Grier, Inc. (7/25)**
May 5 filed 120,000 shares of common stock (par $1) of which 20,000 shares are now outstanding and are to be offered for public sale by the holders thereof and 100,000 shares are to be offered by the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 160 Brookline Ave., Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

• **Edwards Engineering Corp. (7/22)**
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

Electri-Cord Manufacturing Co., Inc. (8/1)
June 15 (letter of notification) 99,900 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2554 E. 18th Street, Brooklyn, N. Y. **Underwriter**—E. M. North Co., Inc., New York, N. Y.

• **Electromagnetic Industries, Inc. (8/1-5)**
June 22, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—Greeley Ave., Sayville, L. I., N. Y. **Business**—Manufactures and sells transformers, magnetic components and electric instrumentation and control devices. **Underwriter**—Flomenhaft, Seidler & Co., Inc., New York, N. Y.

Electronic Developments, Inc. of Florida
June 21, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To establish a new office, for salaries, research and development and working capital. **Office**—424 W. Davis Blvd., Tampa, Fla. **Underwriter**—Carr-Rigdon Co., Inc., 4700 Nolensville Rd., Nashville, Tenn.

Electronic Specialty Co.
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriter** — Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Expected in early August.

Electro-Tec Corp. (8/22-26)
July 1, 1960, filed 135,000 shares of common stock (par 10 cents), of which 75,000 shares are to be offered for public sale for the account of the issuing company and 60,000 shares, being outstanding stock, by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and be used for general corporate purposes. **Office**—10 Romanelli Ave., South Hackensack, N. J. **Business**—Design, development, manufacture and sale of slip ring and brush block assemblies, switching devices and relays for electronic equipment. **Underwriter**—Harriman Ripley & Co., Inc., New York.

El Paso Natural Gas Co. (7/26)
June 21, 1960, filed 1,136,669 shares of common stock. Company proposes to offer the shares for subscription by common stockholders of record July 26, 1960, at the rate of one new share for each 15 shares then held, with rights to expire on or about Aug. 11, at 5:00 p.m. (EDT). **Price**—To be supplied by amendment. **Proceeds**—To be used in part to repay not less than $10,000,000 of current bank loans and the balance will be used largely for investment in the notes and common stock of subsidiary companies, principally El Paso Natural Gas Products Co. **Underwriter**—White, Weld & Co., Inc. (managing), New York City.

★ **Ennis Business Forms, Inc.**
July 14, 1960, filed 74,546 shares of outstanding common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 214 West Knox St., Ennis, Texas. **Underwriter**—Kidder, Peabody & Co., New York City. **Offering** — Expected in mid-August.

• **Evans Rule Co. (8/1-5)**
June 17, 1960, filed 145,000 shares of common stock (par $1), of which 40,000 shares will be sold for the account of the company and 105,000 shares for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Business**—The company manufactures and sells precision steel measuring tapes and wood folding rules. **Proceeds**—To be used by the company to purchase two leased plants in Elizabeth, N. J. The balance of the proceeds will be added to working capital and will be available for general corporate purposes. **Office**—Elizabeth, N. J. **Underwriter** — McDonnell & Co. Inc., New York City.

Evergreen Gas & Oil Co.
June 20, 1960 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price** — 12½ cents per share. **Proceeds**—For expenses for oil and gas development. **Office**—E. 12707 Valleyway, Opportunity, Wash. **Underwriters**—Standard Securities Corp. and Pennaluna & Co., Spokane, Wash. and Herrin Co., Seattle, Wash.

★ **Executive Travel Club, Inc.**
July 11, 1960, (letter of notification) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For advertising and working capital. **Office**—205 W. Fayette Street, Baltimore 2, Md. **Underwriter**—None.

• **Fairmount Finance Co. (8/1-5)**
May 6 (letter of notification) 58,000 shares of class A common stock (par $5). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—5715 Sheriff Road, Fairmount Heights, Md. **Underwriter**—J. T. Patterson & Co., Inc., 40 Exchange Place, New York, N. Y.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

Farms, Inc.
June 13 (letter of notification) $298,000 of 10-year 5¾% debentures, to be offered in denominations of $1,000, $500 and $250 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—818 17th Street, Denver 2, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

• **Federal Steel Corp. (7/25-29)**
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

★ **Fidelity Electronics Corp.**
July 11, 1960, (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Fairview & Hancock Streets, Riverside, Burlington County, N. J. **Underwriter** — Metropolitan Securities, Inc., Philadelphia, Pa.

★ **First Investors Corp.**
July 19, 1960, filed 270,000 shares of outstanding class A common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — New York City. **Underwriter**—Bache & Co. **Offering**—Expected in late August.

• **Fischbach & Moore, Inc.**
June 28, 1960, filed 300,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriter**—Allen & Co.,, New York City. **Offering**—Expected in late August.

Fitchburg Paper Co., Fitchburg, Mass. (8/15-19)
June 28, 1960, filed 325,000 shares of class A common stock, of which 217,000 shares are to be offered for public sale for the account of the issuing company and 108,000 shares being outstanding stock by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used to purchase and retire the outstanding preferred stock of the company at a cost not in excess of $114,000; to pay in full the outstanding 5¾% notes held by New England Mutual, the unpaid principal amount of which at June 1, 1960 was $787,500; $1,400,000 for construction of a new and larger plant for the Decotone Products Division; $450,000 for completion of a new office building; and the balance for additional working capital. **Underwriter**—White, Weld & Co., New York.

★ **Fleetcraft Marine Corp.**
July 5, 1960 (letter of notification) 150,000 shares of capital stock (no par) of which 112,500 shares are being offered by the company and the remainder for the account of the selling stockholder. **Price**—$2 per share. **Proceeds** — To pay off debts and for working capital. **Office** — c/o Robert R. Chesley, 1235 E. Florence Ave., Los Angeles, Calif. **Underwriter**—Garat & Polonitza, Inc., Los Angeles, Calif.

• **Florida Capital Corp. (7/28)**
June 9, 1960, filed 500,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To finance the issuer's investments in small business concerns, which will be engaged in land development or

Continued on page 30

Continued from page 29

electronics. **Office** — 1201 Harvey Bldg., West Palm Beach, Fla. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

• Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None. **Note**—This statement became effective on July 15.

★ Florlanda Corp.
July 12, 1960 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For mortgage, operational expenses, and to purchase properties for investment. **Office**—209½ S. Baylen St., Pensacola, Fla. **Underwriter**—None.

• Ford Electronics Corp.
May 25 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase tooling, a 20% interest in Arizona Biochemical Corp. and for working capital. **Office**—c/o John N. Valianos, 4465 Petit Avenue, Encino, Calif. **Underwriter**—Thomas Jay Winston & Co., Inc., Beverly Hills, Calif. **Note**—This letter has been withdrawn. It is expected to be replaced with a full filing.

• Foto-Video Electronics Corp. (7/25-29)
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—Fund Planning, Inc., New York City.

• Fritzi of California Mfg. Corp.
July 5, 1960, filed 100,000 shares of common stock (par $1) of which 30,000 shares are to be offered for public sale for the account of the issuing company, and 70,000 shares, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Business**—Company is engaged in the production and sale of popularly priced blouses and sportswear coordinates for girls and women. **Proceeds**—From the stock sale, and funds from working capital, totalling $293,092.75, will be contributed to the capital of Fritzi Realty, a wholly owned subsidiary, to purchase for cash from 177-First Street Corp. the building presently used by the company. **Office**—167-199 First Street, San Francisco, Calif. **Underwriters**—Bear Stearns & Co., of New York, and Schwabacher & Co., of San Francisco and New York. **Offering**—Expected in late August.

Funded Security Corp.
July 7, 1960, filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The issuer is a holding company organized under Illinois law in December, 1959. **Proceeds**—$600,000 will be transferred to the general funds of Funded Security Life Insurance Co., a newly organized legal reserve life insurance company wholly owned by the issuer, for investment in income producing securities and expansion through acquisition. **Office**—2812 W. Peterson Ave., Chicago, Ill. **Underwriters**—H. M. Byllesby & Co., Chicago, and Kalman & Co., Inc., St. Paul, Minn.

Gateway Sporting Goods Co.
July 7, 1960 filed 70,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from an anticipated $700,000 loan from an insurance company, will be used to retire a $425,000 bank loan and to finance the company's expansion program. **Business**—The company is principally a retail organization specializing in sporting goods, photographic equipment, toys, wheel goods, luggage and related recreational lines. **Office**—1321 Main St., Kansas City, Mo. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

• General Sales Corp.
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York. **Offering**—Expected in late August.

Gold Medal Packing Corp. (8/15)
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. **Underwriter**—Ernst Wells, Inc., 15 William Street, New York City.

Greenbelt Consumer Services, Inc.
April 28 filed 40,000 shares of series A common stock and 160,000 shares of series B common stock. **Price**—$10 per share. **Proceeds**—$400,000 will be used in payment of bank loans made in January to finance the purchase of equipment for two new supermarkets which are planned to be opened in May and June, 1960. Approximately $200,000 will be used for the purchase of inventory for the two new stores. The company contemplates opening four additional supermarkets within the next two and one-half years. Approximately $1,200,000 of the proceeds of the offering will be used to finance the purchase of equipment and inventory for such stores. The balance of approximately $182,000 will be added to general working capital. **Office**—10501 Rhode Island Ave., Beltsville, Md. **Underwriter**—None. **Offering**—Expected in July.

Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

Guardian Central Trust, Inc.
June 3 filed 484,862 shares of common stock, of which 200,000 shares are to be publicly offered, and the remaining shares are reserved for the acquisition of the stock of Guardian Discount Co. **Price**—$6 per share. **Proceeds**—From the public offering, to be invested in Guardian Discount Co. **Office**—1415 Union Avenue, Memphis, Tenn. **Underwriter**—James N. Reddoch & Co., Memphis, Tenn.

Gulf-Tex Development, Inc.
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York.

Harcourt, Brace & Co., Inc. (8/17)
June 28, 1960, filed 493,425 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company is engaged in the publication and sale of junior high school, high school and college textbooks, workbooks, related materials, as well as general trade books. **Office**—750 Third Avenue, New York. **Underwriter**—White, Weld & Co., New York.

Hawaiian Pacific Industries, Inc.
June 29, 1960, filed $1,350,000 of 6½% convertible subordinated debentures, due September, 1970, and 100,000 shares of common stock. **Price**—Debentures, at 100% of principal amount; common stock, to be supplied by amendment. **Proceeds** — For construction expenses, new equipment, reduction of indebtedness, and the acquisition of properties. **Office** — Honolulu, Hawaii. **Underwriters**—Bosworth, Sullivan & Co. and Lowell, Murphy & Co., both of Denver, Colo.

• Heldor Electronics Manufacturing Corp.
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York,, N. Y. **Offering**—Expected in late August.

• Helicopters, Inc.
May 19 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For purchase of equipment, tools, inventory and working capital. **Office**—Heliport, Stapleton Airfield, Denver 2, Colo. **Underwriter**—Insurance Stocks, Inc., Denver, Colo. **Offering**—Expected in late August or early September.

★ Home Builders Acceptance Corp.
July 15, 1960, filed 1,000,000 shares of common stock. **Price**—$1 per share. **Business**—The newly organized firm expects to deal in mortgages and make various kinds of real estate loans. **Proceeds**—For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

Honey Dew Food Stores, Inc.
June 24, 1960 (letter of notification) $300,000 of 7½% convertible subordinated debentures due July 1, 1970. **Price** — At 100%. These debentures are convertible through June 30, 1965 into capital stock at $2.50 per share to and including June 30, 1962, at $3.33⅓ per share from July 1, 1962 to June 30, 1964 inclusive and at $4 per share from July 1, 1964 to June 30, 1965 inclusive. **Proceeds** — For general corporate purposes. **Office** — 811 Grange Rd., Teaneck, N. J. **Underwriter** — Vickers, Christy & Co., Inc., 15 William St., New York 5, N. Y.

Hydrocraft, Inc.
June 20, 1960 (letter of notification) 180,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, increase plant capacity by adding additional molds and jigs, research and development and for working capital. **Office**—804 Lake St., Huntington Beach, Calif. **Underwriter**—Wedbush & Co., Los Angeles, Calif..

Hydrometals, Inc. (7/25-29)
June 16, 1960 filed $2,500,000 of convertible debentures due 1972. The company proposes to offer the debentures for subscription by stockholders. **Price**—To be supplied by amendment. **Proceeds**—Approximately $490,000 will be used to retire loans made to furnish working capital and to finance the company's Hydro-T-Metal program, and $300,000 will be used to retire a loan made to finance the acquisition of a license to practice an electrothermal process for the production of metals from oxides and ores. The balance of such proceeds will be added to the general funds of the company. **Office** — 405 Lexington Ave., New York City. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

• Hyster Co.
June 27, 1960, filed 130,000 shares of its common stock (par 50 cents). Of the total, 50,000 shares are being offered for the company's account and 80,000 shares by certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business** — The manufacturing and marketing of materials handling equipment. **Underwriter** — Blyth & Co., Inc., New York. **Offering**—Expected in mid-August.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo. **Offering**—Imminent.

I. D. Precision Components Corp.
June 29, 1960, (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — 89-25 Van Wyck Expressway, Jamaica 35, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected sometime in September.

★ I. R. E. Investors Corp.
July 11, 1960, (letter of notification) 50,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 3000 Hempstead Turnpike, Levittown, N. Y. **Underwriter**—None.

• Illinois Beef, L. & W. S., Inc.
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa. **Offering**—Expected sometime in August.

Indian Trail Ranch, Inc.
June 28, 1960, filed $585,000 of 6% convertible promissory notes due 1965; 171,600 warrants to purchase the said notes; and 57,200 common shares issuable upon conversion of the notes. The company proposes to offer its common stockholders rights to subscribe to the notes at the rate of $5 principal amount of notes for each share of common stock held. Each stockholder is entitled to one subscription right for each share held; and three rights are required to subscribe for one note in the amount of $15, the minimum subscription. **Business**—The company is authorized to engage in a general farming and ranching business. **Proceeds** — To enable the company to obtain the necessary funds required to meet various financial commitments in connection with its bank loans, mortgage payments and carrying charges with respect to some 44,000 acres. **Office** — Southern Blvd., West Palm Beach, Fla. **Underwriter**—None.

• Infrared Industries, Inc. (8/11)
July 6, 1960, filed 135,000 shares of common stock (without par value), 100,000 shares of which are for the company and the balance for the account of certain stockholders. **Price**—To be supplied by amendment. **Proceeds**—Approximately $700,000 will be used to construct and equip the Santa Barbara, Calif. plant for which the company has recently acquired acreage, $450,000 will be used to discharge indebtedness of the company and a subsidiary, and the balance will be used for general corporate purposes including working capital. **Business**—The company produces infrared detectors for most of the infrared systems under procurement by the Armed Forces of the United States and for civilian use as well. **Office**—Waltham, Mass. **Underwriter**—Lehman Brothers, New York City.

Inter-County Telephone & Telegraph Co. (8/1)
June 16, 1960 filed 125,000 shares of common stock (par $4.16⅔). **Price** — To be supplied by amendment. **Proceeds**—$1,500,000 will be used to liquidate outstanding short-term bank loans and approximately $600,000 will be applied to reduction of accounts payable in connection with the company's continuing construction program. The remainder will be used to pay a portion of the 1960 construction expenditures estimated at $3,000,000. **Office**—1517 Jackson St., Fort Myers, Fla. **Underwriter**—Dean Witter & Co., New York.

• International Harvester Credit Corp. (7/28)
July 8, 1960, filed $50,000,000 of debentures, due 1981. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including debt reduction and the purchase of receivables. **Office**—180 North Michigan Ave., Chicago, Ill. **Underwriters**—Morgan Stanley & Co and Glore, Forgan & Co., both of New York City, and William Blair & Co., of Chicago.

• International Telephone & Telegraph Corp., Sud America
June 21, 1960, filed $10,000,000 of debentures due July, 1977. **Price**—100% of principal amount. **Proceeds**—For subsidiaries and general funds. **Office**—67 Broad Street, New York City. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Expected in mid-August.

★ Investor Service Fund, Inc.
July 14, 1960, filed 100,000 shares of common stock. **Price**—$10 per share, in 100-share units. **Business**—The company, which has not as yet commenced operations, intends to offer investors a chance to participate in diversified real estate ventures. **Proceeds**—To purchase all or part of the Falls Plaza Shopping Center, Falls Church, Va. **Office**—1823 Jefferson Place, N. W., Wash-

ington, D. C. **Underwriters**—Investors Service Securities, Inc., and Riviere Marsh & Co., both of Washington.

Investors Funding Corp. of New York (8/1-5)
June 17, 1960 filed $400,000 of 10% subordinated debentures (half due December 1964 and half due December 1965); $1,000,000 of 10% subordinated debentures (with common stock purchase warrants), due serially 1966-1970; and warrants for the purchase of 30,000 common shares, exercisable initially at $10 per share. **Price**—The debentures (including those with warrants) are to be offered for sale at 100% of principal amount. **Proceeds**—To be used primarily for the purchase or improvement of additional parcels of real estate, and some may be used to discharge debentures maturing in August, 1960. **Office**—511 Fifth Ave., New York. **Business**—The company's primary business is that of purchasing, developing, financing, investing in and selling real estate. **Underwriter**—None.

Itemco, Inc. (8/15-19)
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York.

★ **Kaiser Industries Corp.**
July 7, 1960, filed 300,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 300 Lakeside Drive, Oakland, Calif. **Underwriters**—First Boston Corp., Dean Witter & Co., and Carl M. Loeb, Rhoades & Co., all of New York City.

● **Kings Electronics Co., Inc. (7/25-29)**
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants. The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City.

Laclede Gas Co.
June 1 filed a maximum of 243,600 shares of common stock (par $4) being offered to stockholders on the basis of one additional share for each 14 shares of common stock held of record at the close of business on July 8, 1960 with rights to expire on July 25. **Price**—$20.25 per share. **Proceeds** — Together with the proceeds from the proposed sale of the first mortgage bonds will be applied toward repayment of bank loans incurred in connection with the company's construction program and for additions to the company's working capital, to be used for construction and other corporate purposes. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

Leadville Water Co.
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter**—H. M. Payson & Co., Portland, Me.

Lee Electronics Inc.
June 14, 1960 (letter of notification) 135,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To expand operations. **Office**—3628 Rhawn St., Philadelphia, Pa. **Underwriter** — Atlantic Equities Co., Washington, D. C.

● **Lee Filter Corp. (8/1-5)**
June 17, 1960, filed 110,000 shares of capital stock (par $1). **Price**—$8.75 per share. **Proceeds**—About $250,000 will be used to discharge bank loans, the proceeds of which were used to provide additional working capital and to discharge other short-term indebtedness; $100,000 for construction and purchase of additional tools, dies and machinery and additions to raw material inventory; and the balance for general corporate purposes. **Office**—191 Talmadge Road, Edison, N. J. **Underwriter**—Myron A. Lomasney & Co., New York.

Lestoil Products, Inc. (8/1-5)
June 17, 1960 filed 275,000 shares of class A stock and 275,000 shares of common stock (par $1), to be offered for public sale in units, each consisting of one class A and one common share. **Price**—$15 per unit. **Proceeds**—To discharge certain indebtedness, and the balance will be added to working capital and be available for general corporate purposes. **Office**—Holyoke, Mass. **Business**—Company's principal products are Lestoil and Lestare. **Underwriters** — Paine, Webber, Jackson & Curtis, New York and Boston, and Alex. Brown & Sons, Baltimore, Md. and New York.

● **Liberian Iron Ore Ltd.**
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¾% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S **Underwriter**—White, Weld & Co., Inc., New York. **Note** — This offering has temporarily been postponed.

Lifetime Pools Equipment Corp.
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa.

Louisiana Gas Service Co.
June 10, 1960, filed 670,000 shares of common stock (par $10) to be issued by Louisiana Power & Light Co. to stockholders of Middle South Utilities, Inc., on the basis of one share of Louisiana Gas Service Co. common stock for each 25 shares of common stock of Middle South held (with an additional subscription privilege); rights begin in August and expire in September. **Price**—To be supplied by amendment. **Proceeds**—All to be paid to Louisiana Power & Light Co. **Underwriter**—None.

Majestic Utilities Corp.
April 29 filed $300,000 of 6% convertible 10-year debentures, $250 face value, 30,000 shares of common stock, and options to purchase an additional 30,000 shares. It is proposed to offer these securities for public sale in units (1,200), each consisting of $250 face amount of debentures, 25 shares of common stock, and options to to purchase an additional 25 common shares. **Price**—$350 per unit. **Proceeds**—To be applied in part payment of a $250,310 bank loan and the balance to be added to working capital and used for general corporate purposes. **Office** — 1111 Stout Street, Denver, Colo. **Underwriter**—Purvis & Company, Denver, Colo. **Offering**—Expected sometime in July.

Maule Industries, Inc.
June 15, 1960, filed 254,322 shares of common stock, to offered to holders of the outstanding common at the rate of one new share for each three shares held. **Price**—$7 per share. **Proceeds** — For plant and modernization expenses. **Office**—Miami, Fla. **Underwriter**—None.

Mercantile Discount Corp., Chicago, Ill.
June 29, 1960, filed 128,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the capital fund to allow for the expansion of business and to increase borrowing capacity. Part of the proceeds may be used temporarily to reduce bank borrowings. **Underwriters**—Rodman & Renshaw and H. M. Byllesby and Co. Inc., both of Chicago, Ill.

● **Metropolitan Development Corp. (8/1-5)**
June 8 filed 1,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To complete payments on the company's property, for repayment of loans, and the balance to be added to the general funds for construction purposes and acquisitions. **Office**—Los Angeles, Calif. **Underwriters**—William R. Staats & Co., of Los Angeles, Calif., and Bache & Co. and Shearson, Hammill & Co., both of New York City.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami. Fla.

Miami Ventilated Awning Mfg. Co., Inc.
June 29, 1960 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—To retire loans, purchase new machinery, open a new office and for working capital. **Office**—1850 N. E. 144th St., North Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

● **Midwest Technical Development Corp. (7/25)**
May 17 filed 561,500 shares of common stock, to be offered to holders of the outstanding common on a one-for-one basis. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Minneapolis, Minn. **Underwriters**—Shearson, Hammill & Co., New York City, and Piper, Jaffray & Hopwood, Minneapolis.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) being offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held with rights to expire on July 22. **Price** — $17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

★ **Missile-Tronics, Corp.**
July 8, 1960, (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office**—245 4th Street, Passaic, N. J. **Underwriter**—Edward H. Stern & Co., Inc., 32 Broadway, New York, N. Y. **Offering**—Expected in late August or early September.

● **Mobile Video Tapes, Inc.**
June 30, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To purchase equipment and cancel debts and the remainder for working capital. **Office**—1607 N. El Centro, Hollywood, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in mid-August.

Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Mustang Lubricant, Inc.
May 9 filed 80,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Denver, Colo. **Underwriter**—To be supplied by amendment.

● **Namm-Loeser's Inc. (8/1-5)**
April 27 filed 217,278 shares of common stock (par $1). The company proposes to offer 108,000 shares of new common stock for subscription by holders of outstanding stock of record May 31, at the rate of one new share for each three shares held. Arebec Corp., of New York, which owns 109,278 common shares, has entered into an agreement to sell said shares to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—To be added to company's general funds and will enable it to use all or part of the proceeds in the reduction of bank indebtedness. **Office** — 2301 Woodward Ave., Detroit, Mich. **Underwriter**—Ladenburg, Thalmann & Co., New York.

Narragansett Capital Corp. (8/8-12)
June 21, 1960, filed 1,000,000 shares of common stock (par $1). **Price**—$11 per share. **Proceeds**—For investment. **Office**—10 Dorrance Street, Providence, R. I. **Business**—This non-diversified closed-end management investment company intends to provide equity capital and to make long-term loans as contemplated by the Small Business Investment Act of 1958 to a diversified group of small business concerns. **Underwriter**—G. H. Walker & Co., New York.

National Capital Corp. (8/15-19)
June 9, 1960, filed 240,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For reduction of indebtedness, working capital, and general corporate purposes. **Office** — 350 Lincoln Road, Miami Beach, Fla. **Underwriters**—J. A. Winston & Co., Inc., and Netherlands Securities Co., Inc., both of New York City.

National Fountain Fair Corp. (7/25-29)
May 27 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Office** — 3000 Hempstead Turnpike, Levittown, L. I., N. Y. **Underwriter**—General Investing Corp., New York, N. Y.

● **National Lawnservice Corp.**
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

● **National Patent Development Corp. (8/8-12)**
June 8, 1960, filed 150,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—Net of this sale in combination with cash on hand will be used to finance the client and sales solicitation program, and the balance for general corporate purposes. **Office**—68 William St., New York City. **Underwriters** — Globus, Inc. and Ross, Lyon & Co., both of New York City.

National Pool Equipment Co.
June 20, 1960, filed $1,000,000 of 6% convertible subordinated notes due 1974 and 66,666 shares of common stock into which the notes are convertible, to be offered for public sale by the 15 holders thereof. The said notes, initially issued on June 10, 1959, are convertible at the option of the holder into common stock at their principal amount at a conversion price of $15 per share. In addition, the company is registering 21,000 shares of common stock subject to warrants at $1 per warrant on June 10, 1959 in connection with the issuance of the notes and exercisable at $15 per share. **Price**—To be supplied by amendment. **Proceeds**—In the amount of $315,000 received upon exercise of the 21,000 warrants will be used for general corporate purposes. **Office**—Lee Highway, Florence, Ala. **Business**—The company is engaged in the business of designing, manufacturing and selling component parts of swimming pools for public and private use and in manufacturing and selling swimming pool equipment, accessories, chemicals and supplies. **Underwriter**—None.

Natural Gas Pipeline Co. of America (8/17)
July 1, 1960, filed $25,000,000 of first mortgage pipeline bonds, due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Business**—Public utility. **Underwriters**—Dillon, Read & Co. Inc., and Halsey, Stuart & Co. Inc., both of New York.

Natural Gas Pipeline Co. of America (8/17)
July 1, 1960, filed 150,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ **Navajo Freight Lines, Inc. (7/25-29)**
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present

Continued on page 32

Continued from page 31

holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co. and Lowell, Murphy & Co. (jointly).

Needham Packing Co.
June 28, 1960, filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Toward the payment of a $2,000,000 bank loan. **Office** — Sioux City, Iowa. **Underwriter** — Cruttenden, Podesta & Co., Chicago. **Offering**—Expected in early September.

New Britain Gas Light Co.
May 18 filed a maximum of 15,893 shares of common stock (par $25) being offered to holders of the outstanding common of record July 6 on the basis of one new share for each five shares held, with rights to expire on July 26 at 3:30 p.m. EDT. **Price**—$39 per share. **Proceeds**—To discharge bank loans, for construction, and for general corporate purposes. **Office**—New Britain, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

North American Merchandising Co.
May 26 (letter of notification) $300,000 of 7% convertible sinking fund debentures due July 1, 1965. **Price**—At face amount. **Proceeds**—To repay short-term loans and for working capital. **Office**—118 Cole Street, Dallas, Texas. **Underwriter**—Parker, Ford & Co., Inc., Dallas, Texas. **Offering**—Imminent.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

● **Norwalk Co., Inc.**
June 6 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness, purchase machinery and equipment, and add to working capital. **Office**—North Water Street, So. Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Imminent.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

★ **Nylok Corp.**
July 15, 1960, (letter of notification) 14,225 shares of common stock (no par). **Price**—$6.25 per share. **Proceeds**—For general corporate purposes. **Office**—611 Industrial Avenue, Paramus, N. J. **Underwriter**—None.

Organ Corp. of America
June 28, 1960, (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For general corporate purposes. **Office**—59 Hempstead Gardens Drive, W. Hempstead, L. I., N. Y. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., New York, N. Y. **Offering**—Expected in mid-August.

● **Oxford Manufacturing Co., Inc. (7/22)**
May 3 filed 240,000 shares of class A common stock (par $1), of which 160,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and the remaining 80,000 shares will be offered by the issuing company. **Price** — To be supplied by amendment. **Proceeds**—$150,000 will be used for the purchase of additional machinery and equipment to be installed in certain new manufacturing plant facilities, construction of which has been completed; the balance of the proceeds will be used for general corporate purposes. **Office**—151 Spring Street, N. W., Atlanta, Ga. **Underwriters**—W. C. Langley & Co., New York; and Courts & Co., Atlanta and New York.

Pacotronics, Inc. (8/15-19)
June 2 filed 150,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and research and development expenses. **Office** — 70-31 84th Street, Glendale, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York City.

Papercraft Corp.
June 2 filed 125,537 shares of common stock (par $1), being offered initially to stockholders of record July 11, of the corporation at the rate of one additional share for each eight shares presently held with rights to expire on July 26 EDT at 3:30 p.m. **Price** — $31 per share. **Proceeds** — To retire bank loans incurred in connection with the recent acquisition of LePage's Division of Johnson & Johnson. Any balance will be added to the company's general funds. **Office**—Pittsburgh, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Patrick County Canning Co., Inc.
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York. **Offering** — Expected in early August.

Patton Engineering Corp.
June 3, 1960 (letter of notification) 19,000 shares of class B common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Address** — Bert Lane, North Hampton, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

Pearson Corp. (8/22-26)
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Offering**—Expected sometime in September.

★ **Pigeon Hole Parking, Inc.**
July 11, 1860 (letter of notification) 20,000 shares of common stock. **Price** — At-the-market ($1 per share). **Proceeds**—To pay for legal services. **Office**—449 Peyton Bldg., Spokane, Wash. **Underwriter**—None.

Plastics & Fibers, Inc.
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y.

★ **Power Cat Boat Corp.**
July 5, 1960 (letter of notification) 300,000 shares of common stock (no par). **Price**—$1 per share. **Proceeds**—To discharge short term debts, working capital, plant equipment, inventories, etc. **Office**—15623 S. Lakewood Blvd., Paramount, Calif. **Underwriter**—Holton, Henderson & Co.,, Los Angeles, Calif.

● **Powertron Ultrasonics, Inc. (7/22-29)**
June 20, 1960 filed 205,000 shares of common stock. **Price**—$2 per share. **Proceeds**—$143,668 will be used to retire three short-term notes, and the balance of approximately $256,832 will be used to provide additional working capital. **Office** — Roosevelt Field Industrial Park, Garden City, L. I., N. Y. **Business** — Company develops and markets a variety of electrical and electronic products incorporating ultrasonic principles. **Underwriter**—None.

Progress Electronics Corp.
May 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To develop and produce proprietary items in the electronics field. **Office**—1240 First Security Building, Salt Lake City, Utah. **Underwriter**—Binder & Co., Inc., 541 South Spring Street, Los Angeles, Calif. **Offering**—Imminent.

Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa. **Underwriter**—Provident Management Corp., same address. **Offering**—Imminent.

Puerto Rico Telephone Co.
June 23, 1960, filed 100,000 shares of common stock, to be offered for subscription of holders of its outstanding common stock on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be added to the general funds of the company, which will be used in furtherance of a five year expansion and improvement program initiated in 1959, and to repay indebtedness to banks and ITT incurred for the purchase of materials and equipment used or to be used for said program. **Office**—261 Tanca St., San Juan, Puerto Rico. **Underwriter**—None.

Putnam (J. L.) Co., Inc.
June 16, 1960 (letter of notification) 50,000 shares of class B common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Address**—Biddeford, Maine. **Underwriters** — J. L. Brady & Co., Worcester, Mass. and David G. Means, Bangor, Maine.

● **Pyramid Electric Co.**
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. **Office**—52 Broadway, New York. **Offering**—Imminent.

★ **Rayson Craft Boat Co.**
July 11, 1960, (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase additional equipment, for sales, purchase of inventory and working capital. **Address** — Gardena, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

★ **Red Lodge Grizzly Peak**
July 14, 1960, (letter of notification) 2,000 shares of common stock (par $100). **Price**—$125 per share. **Proceeds**—To develop land, for advertising, new ski runs and operating capital. **Address** — Box 695, Red Lodge, Mont. **Underwriter**—None.

● **Reeves Broadcasting & Development Corp. (7/25)**
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

Reilly-Wolff Associates, Inc. (8/22)
June 14, 1960 (letter of notification) 43,000 shares of class A stock (par one cent). **Price**—$5 per share. **Business**—The company is an integrated furniture manufacturer, specializing in outdoor and office types of furniture. **Proceeds**—For general corporate purposes. **Office**—120 E. 32nd St., New York, N. Y. **Underwriter**—Arden Perin & Co., Inc., New York, N. Y.

● **Renmar Corp. (8/1)**
July 1, 1960 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For the development and construction of homes. **Office**—2943 Broadway, Riviera Beach, Fla. **Underwriter** D. Klapper Associates, Inc., New York, N. Y.

● **Republic Ambassador Associates**
April 29 filed $10,000,000 of Limited Partnership Interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To purchase hotels in Chicago from a Webb & Knapp subsidiary. **Office**—111 West Monroe Street, Chicago, Ill. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Expected in early August.

★ **Resiflex Laboratory, Inc.**
July 18, 1960, filed 100,000 shares of common stock, of which 40,000 shares are to be offered for the account of the issuing company, and 60,000 shares, being outstanding stock, for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of disposable plastic tubular products, and the assembling and marketing of blood donor sets. **Proceeds** — For plant expansion, increased production facilities, and working capital. **Office**—864 South Robertson Blvd., Los Angeles, Calif. **Underwriter**—Blunt Ellis & Simmons, Chicago, Ill.

Rez-Tile Industries, Inc.
June 29, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For a new product development and working capital. **Office**—11801 Florida Ave., Tampa, Fla. **Underwriters**—Vickers, Christy & Co., Inc. and First City Securities, Inc., New York, N. Y.

★ **Rocky Mountain Natural Gas Co., Inc.**
July 15, 1960, filed $2,350,000 of sinking fund debentures, due 1980, and 235,000 shares of common stock (par $3) to be offered in units consisting of a $50 debenture and an unannounced number of common shares. **Price**—To be supplied by amendment. **Proceeds**—For construction expenditures and the reduction of indebtedness. **Office**—1726 Champa St., Denver, Colo. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc. (managing). **Offering**—Expected in late September.

Roliton Corp.
June 28, 1960, (letter of notification) 175,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For training, advertising, salaries and fees, travel expenses and working capital. **Office** — 1600 Ogden Street, Denver, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

● **Rotating Components, Inc.**
July 8, 1960 (letter of notification), 100,000 shares of common stock (par 1¢). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—267 Green St., Brooklyn 2, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y. **Offering**—Expected in mid-August.

Roto-American Corp. (8/15-19)
May 27 filed 75,000 shares of common stock (par $1) to be offered for cash sale to the public, and 44,283 shares to be issued in exchange for common and preferred shares of four subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—To be used largely for reduction of accounts payable, as well as for new tooling, research, repayment of an officer's loan, and general corporate purposes. **Office**—93 Worth Street, New York. **Underwriter**—Morris Cohon & Co., New York.

S.A.F., Ltd.
May 6 filed $303,000 of partnership interests, to be offered for sale in units. **Price**—$500 per unit. **Proceeds**—To acquire fee title to certain land in St. Augustine, Fla., upon which will be constructed a 54-unit Howard Johnson Motor Lodge and restaurant, swimming pool and related facilities. **Office**—60 East Coral Center, Fort Lauderdale, Fla. **Underwriters**—Radice Securities Corp. and Jerry Thomas & Co., Inc., Palm Beach, Fla. **Offering**—Imminent.

Sachar Properties, Inc. (8/29-9/2)
July 6, 1960, filed $300,000 of 8% subordinated instalment convertible debentures due 1970, 150,000 shares of common stock (par 10 cents) and 30,000 common stock purchase warrants. It is proposed to offer these securities in units, each unit is to consist of $100 principal amount of debentures, 50 common shares, and 10 warrants exercisable at $2 per share until 1965. **Price**—$200 per unit. **Proceeds**—$200,000 to purchase the Second Ave. and E. 82nd St. properties; $51,000 to purchase the New Rochelle property; and the balance for working capital. **Business**—The company intends principally to deal in and with unimproved real property, to sell parcels as building sites, to subdivide and improve parcels and sell same as building sites, and to obtain or prepare building plans and financing arrangements in respect

thereof. **Office**—598 Madison Ave., New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Safticraft Corp., Patterson, La. (7/25-29)
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

● **Saucon Development Corp. (7/25-29)**
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—P. Michael & Co., 69 Passaic St., Garfield, N. J.

● **Sav-A-Stop, Inc. (7/28)**
May 27 filed 100,000 shares of common stock (par 10 cents). **Price**—$4.50 per share. **Proceeds**—For working capital. **Office** — 2202 Main Street, Jacksonville, Fla. **Underwriter**—Pistell, Crow Inc., of New York City, formerly Pistell, Schroeder & Co.

● **Seaboard Finance Co. (7/26)**
June 23, 1960, filed $40,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available to pay current indebtedness and to carry additional receivables. **Office**—818 W. 7th St., Los Angeles 17, Calif. **Underwriters**—Lehman Bros. and Blyth & Co., Inc., both of New York.

● **Sea-Highways, Inc.**
May 9 filed 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—Pan-American Bank Bldg., Miami, Fla. **Underwriter**—John R. Maher Associates, of New York. **Offering**—Imminent.

★ **Sealed Air Corp. (8/15-19)**
July 15, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — 330 Wagaraw Rd., Hawthorne, N. J. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

●-**Seaway Shopping Centers, Inc.**
May 20 filed 90,000 shares of $.50 cumulative convertible preferred stock, ($.01 par) and 90,000 shares of class A common stock ($.01 par). It is proposed to offer these shares in units, each consisting of one share of preferred at $7 per share and one class A share at $3 per share, or $10 for the unit. **Proceeds**—To complete construction of new shopping centers. **Office** — 619 Powers Bldg., Rochester, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York. **Note**—This statement was effective on July 15.

★ **Securities-Intermountain, Inc.**
July 11, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents) to be offered for subscription by stockholders on the basis of one new share for each 6.5 shares of class A and B common stock currently held. **Price** — $1.25 per share. **Proceeds** — For working capital. **Office**—1300 E. Burnside St., Portland 14, Ore. **Underwriter**—None.

● **Smith, (Herman H.) Inc. (7/25-29)**
May 24 (letter of notification) 82,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2326 Nostrand Ave., Brooklyn, N. Y. **Underwriters**—First Broad Street Corp.; Globus, Inc.; Russell & Saxe, Inc., V. S. Wickett & Co., Inc., and Street & Co., Inc., all of New York.

● **Softol, Inc. (7/25-29)**
June 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 992 Springfield Ave., Irvington, N. J. **Business**—The company manufactures cosmetics and toiletry items. **Underwriter**—Harwyn Securities, Inc., 1457 Broadway, New York 36, N. Y.

Sonex, Inc.
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For machinery, cost of moving and leasehold improvements and working capital. **Office**—185 W. Schoolhouse Lane, Philadelphia 44, Pa. **Underwriter** — Hess, Grant & Remington, Inc., Philadelphia, Pa.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

★ **Southern California Edison Co. (8/23)**
July 20, 1960, filed $60,000,000 of first and refunding mortgage bonds. **Proceeds**—To retire outstanding short-term borrowings and to finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on Aug. 23.

Southern Counties Gas Co. of California (7/26)
June 23, 1960, filed $23,000,000 of first mortgage bonds. **Proceeds**—To be used to repay in full the company's short-term indebtedness to its parent, Pacific Lighting Corp., which is expected to approximate $14,000,000 as of Aug. 1, 1960. Said indebtedness represents advances made to the company to provide temporary funds for construction and expansion. The balance of the net proceeds will be used to finance in part the cost incurred, or to be incurred, in connection with such program and to reimburse money actually expended from income or from other money in the treasury of the company for similar purposes in 1960 or any prior year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received on July 26 at 8:30 a.m. PDST, at room 1216, 810 Flower St., Los Angeles, Calif. **Information Meeting**—Scheduled for July 22 at 10:00 a.m.. EDST at the Bankers Trust Co., 16 Wall St., New York City.

Southwestern Bell Telephone Co. (8/2)
July 8, 1960 filed $100,000,000 of debentures, due Aug. 1, 1995. **Proceeds**—To repay advances from A. T. & T., the parent company, which are expected to approximate $86,000,000, with the remainder for plant expenditures. **Office**—1010 Pine St., St. Louis, Mo. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 2 up to 11:00 a.m. EDT at room 2315, 195 Broadway, New York City.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

Sprayfoil Corp.
June 22, 1960, filed 250,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Approximately $250,000 will be used in the development, engineering and design of new products, approximatly $150,000 will be used in the manufacture of the products of the company and for the purchase of necessary tools and equipment, and approximately $93,443 will be added to the company's working capital. **Business**—The company engages in the development, engineering and exploitation of products and uses applying the principles incorporated in patents covering the so-called "Coanda airfoil technique" of atomizing liquids. **Office**—2635 Louisiana Ave., South, Minneapolis, Minn. **Underwriter**—None.

● **Steck Co. (8/1-5)**
June 24, 1960, filed 60,000 shares of common stock, of which 30,000 shares are to be offered for public sale by the issuing company and 30,000 shares are now outstanding and are to be offered by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To supply funds for working capital. **Office**—205 West 9th St., Austin, Tex. **Business**—The company is engaged in the printing and publishing business and in the sale of office supplies and equipment. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Tex.

Storm Mountain Ski Corp.
June 30, 1960, filed $500,000 of 8% subordinated debentures due 1975 and 100,000 shares of common stock, to be offered for public sale in units consisting of a $50 debenture and 10 shares of stock. **Price**—$75 per unit. **Proceeds** — To pursue the development of the resort. **Office** — Steamboat Springs, Colo. **Business** — Company was organized for the purpose of developing and operating a ski and summer resort on Storm Mountain on the Continental Divide, about 2 miles from Steamboat Springs. **Underwriter**—None.

★ **Strolee of California Inc.**
July 19, 1960, filed 150,000 shares of outstanding common stock. **Price**—$5 per share. **Proceeds** — To selling stockholders. **Office**—Los Angeles, Calif. **Underwriters**—Federman, Stonehill & Co. and Schweikart & Co., both of New York City; Mitchum, Jones & Templeton of Los Angeles, Calif.

Sunbury Milk Products Co.
June 20, 1960 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—To liquidate short-term bank loans and for working capital. **Office**—178 Lenker Ave., Sunbury, Pa. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Super Food Services, Inc.
May 10 filed 60,000 preferred shares-convertible series ($1.50 annual cumulative dividend), $1 par. The company proposes to sell 50,000 shares through a group of underwriters headed by Wm. H. Tegtmeyer & Co., Chicago, Ill. on a firm commitment basis; and by a pre-offering subscription Central Securities Corp. has conditionally agreed to purchase 10,000 such shares. **Price**—$25 per share for public offering. **Proceeds**—To provide the funds to exercise an option to purchase 72,600 of the 113,003 issued and outstanding shares of common of Progressive Wholesale Grocery Co., at a maximum aggregate price of $1,333,333. **Office**—Chicago, Ill.

System Meat Co.
June 2 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For payment of employees' salaries, first mortgage installment, accrued officers' salaries, and the balance for working capital. **Office** — Newcastle, Wyo. **Underwriter**—Purvis & Co., Denver, Colo. **Offering**—Expected sometime in July.

● **Talley Industries, Inc.**
June 14, 1960, filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including the reduction of indebtedness, research and development expenses, and the acquisition of machinery and equipment. **Office**—Cheshire, Conn. **Underwriter**—Adams & Peck, New York City. **Offering**—Expected in early August.

Techno Fund, Inc.
June 24, 1960, filed 400,000 shares of common stock. **Price**—$12.50 per share. **Proceeds**—For investment. **Office**—50 West Gay St., Columbus, Ohio. **Business**—A closed-end, non-diversified management investment company. **Underwriters**—The Ohio Company, Columbus, Ohio and Merrill, Turben & Co., Inc., Cleveland, Ohio.

Tech-Ohm Electronics, Inc. (8/15-19)
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y.

● **Telephone & Electronics Corp. (8/15-19)**
June 14, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities & Co., New York, N. Y.

Terminal Electronics, Inc.
June 24, 1960, filed 166,668 shares of capital stock (par 25 cents), of which 83,334 shares are to be offered for public sale for the account of the issuing company and the balance for the account of William Filler, President. **Price**—$6 per share. **Proceeds**—$190,000 is to be used to pay the remaining balance of its obligation incurred in connection with the purchase of Terminal stock from the Estate of Frank Miller; $100,000 to repay a bank loan; and the balance for general corporate purposes, including the obtaining and equipping of an additional retail outlet. **Business**—Wholesale and retail distribution of retail electronics parts and components. **Office**—236-246 17th Street, New York. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., both of New York. **Note**—Name is to be changed to Terminal-Hudson Electronics, Inc. upon effectiveness of a merger with Hudson Radio & TV Corp., which will take place if and when all of the shares offered hereby are sold. **Offering**—Expected in Mid-August.

Texas Eastern Transmission Corp.
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., New York City. **Note**—This offering has been indefinitely postponed.

● **Thurow Electronics, Inc.**
March 28 filed 202,530 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

Townsend Investment Co., Inc.
June 20, 1960 (letter of notification) $300,000 of 6% first mortgage bonds and 3,000 shares of common stock (par $5) to be offered in units consisting of one $1,000 bond and 10 shares of common stock. **Price**—$1,000 per unit. **Proceeds**—To pay off a present mortgage and for working capital. **Address** — P. O. Box 68, Townsend, Tenn. **Underwriter**—Davidson & Co., Inc., Knoxville, Tenn.

★ **Trans-Coast Investment Co. (8/9)**
June 22, 1960, filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—From the sale of an unspecified number of the shares, for selling stockholders; from the sale of the remainder, for the operation of the Trans-Coast Insurance Agency. **Office**—210 W. 7th St., Los Angeles, Calif. **Underwriter**—Lehman Brothers, New York City.

● **Transnation Realty Corp. (8/15-19)**
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross. Lyon & Co., Inc., and Globus, Inc., both of New York. **Note**—This company was formerly called the Goelet Corp.

Underwriters National Assurance Co.
May 12 filed 240,000 shares of common capital stock. **Price**—$7.50 per share. **Proceeds**—For general corporate purposes, including payment of operating expenses, the carrying on of the insurance business, and for working capital (and including $50,000 which will be certified to State authorities for investigation and examination by

Continued on page 34

Continued from page 33

it to procure the certificate of authority to transact insurance business). **Office**—1939 North Meridian St., Indianapolis, Ind. **Underwriter**—David L. Johnson & Associates, Inc., Indianapolis, Ind.

Union Texas Natural Gas Corp.
July 8, 1960, filed 150,248 shares of outstanding class A stock (par $1), and 75,124 shares of outstanding class B stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 811 Rusk Ave., Houston, Texas. **Underwriters** — Carl M. Loeb, Rhoades & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., and Smith, Barney & Co., Inc., all of New York City. **Offering**—Expected in mid-August.

United Aero Products Corp. (8/1)
June 15, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The manufacture of precision metal products for use in the aircraft, missile and electronics industries. **Proceeds**—For an additional plant, machinery and equipment, the repayment of loans, and the balance for working capital. **Office**—Burlington, N. J. **Underwriters**—L. C. Wegard & Co. of Levittown, N. J.; Street & Co., Inc. of New York City; Woodcock, Moyer, Fricke & French of Philadelphia, Pa.; First Broad Street Corp., Russell & Saxe and V. S. Wickett & Co., Inc. all of New York City.

● **United Sheet Metal Co., Inc. (8/10)**
June 16, 1960 filed 170,000 shares of common stock (no par), of which 85,000 shares are for public offering and 85,000 are outstanding and are to be offered for the account of present holders. **Price** — To be supplied by amendment. **Proceeds**—Of the public sale, for working capital and general corporate purposes. **Office** — 883 North Cassady Ave., Columbus, Ohio. **Underwriter**—R. W. Pressprich & Co., New York City.

● **United States Boat Corp. (8/1-5)**
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

United States Bowling Corp.
June 22, 1960, (letter of notification) 112,500 shares of common stock (par 25 cents) and $112,500 of 10-year 6½% convertible debentures to be offered in units of one debenture ($100 principal amount) and 100 shares of common stock. **Price**—$200 per unit. **Proceeds**—For working capital to lease and operate additional bowling centers. **Office**—East 701 First National Bank Building, St. Paul, Minn. **Underwriter** — Irving J. Rice & Co., St. Paul, Minn.

U. S. Photo Supply Co., Inc.
June 23, 1960, (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—To pay debts and increase line of credit. **Office**—6478 Sligo Mill Road, Washington 12, D. C. **Underwriter**—Balogh & Co., Washington, D. C.

● **Variable Annuity Life Insurance Co. of America (8/1-5)**
June 16, 1960 filed 1,000,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—Primarily to develop and expand the company's business. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter** — John C. Legg & Co., Baltimore and New York.

Varian Associates
May 24 filed 216,645 shares of capital stock being offered for subscription by stockholders of record July 14, at the rate of one new share for each 15 shares held with rights to expire on Aug. 1. **Price** — $44 per share. **Proceeds**—For construction, new machinery, the retirement of outstanding bank loans, and the balance for working capital. **Office**—Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Venture Capital Corp. of America
June 29, 1960, filed 275,000 shares of common stock (par $1). **Price** — $7.50 per share. **Proceeds** — To be used to fulfill the $300,000 minimum capital requirements of the Small Business Investment Act. **Business**—A closed-end non-diversified management investment company. **Office**—375 Park Ave., New York. **Underwriters**—Filor, Bullard & Smyth, Hardy & Co., Sprayregen, Haft & Co. and Bregman, Cummings & Co., all of New York. **Offering**—Expected in late August or early September.

Waltham Precision Instrument Co., Inc.
April 15 filed 700,000 shares of common stock (par $1) being offered on a subscription basis to the company's present common stockholders offered June 30 with rights to expire on Aug. 4. **Price**—$2 per share. **Proceeds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent Street, Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

● **Warner Electric Brake & Clutch Co. (8/17)**
June 29, 1960, filed 154,916 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—South Beloit, Ill. **Business** — Company produces electrically - actuated brakes and clutches used in a wide variety of industrial equipment, electric wheel brakes for mobile homes and trailers, and electric compressor and fan clutches used in automotive air conditioning and cooling systems. **Underwriters**—Blunt Ellis & Simmons and Bacon, Whipple & Co., both of Chicago, Ill.

Waterman Products Co., Inc.
June 24, 1960, filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To be used primarily to accelerate the development of the company's proprietary items for the purpose of expanding its commercial business. **Business**—Electronics field. **Office**—2445 Emerald St., Philadelphia, Pa. **Underwriter**—Stroud & Co., Philadelphia and New York. **Offering**—Expected in late August.

Wenwood Organizations Inc.
June 17, 1960 filed $550,000 of 7½% subordinated sinking fund debentures due July, 1970 (with common stock purchase warrants). **Price**—100% of principal amount. **Proceeds**—$100,000 will be used for payment of a bank loan incurred to help finance the disposal plant and an estimated additional $50,000 to complete the plant; $109,000 to retire 10% debentures issued in payment of certain obligations of the company for services rendered; $25,000 for a sales program in connection with the Florida homes; and the balance for working capital to finance the continued development of the residential community in Sarasota and the construction of homes in West Palm Beach, and the development of a shopping center in Selden, L. I. **Office**—526 North Washington Blvd., Sarasota, Fla. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

West Ohio Gas Co.
May 19 filed 43,048 shares of common stock being offered for subscription by its common stockholders of record June 6, 1960, at the rate of one new share for each 10 shares then held with rights to expire on July 22, at 2:00 p.m. EDT. **Price**—$17.50 per share. **Proceeds**—To be added to the company's general funds and will be used for property additions and improvements. An additional $300,000 is to be provided through long term financing during the current year. **Office** — 319 West Market Street, Lima, Ohio. **Underwriter**—None.

Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price**—$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

● **Western Kentucky Gas Co.**
June 22, 1960, filed 55,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder (Henry L. Hillman of Pittsburgh, Pa.). **Business**—Operating public utility. **Address**—608 Frederica St., Owensboro, Ky.. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.. and New York. **Offering**—Expected in early August.

Western Land Corp.
July 5, 1960, filed 1,500,000 shares of common stock. **Price**—$2 per share. **Business**—Company proposes to engage in the real estate business, including the purchase and sale of real property and the purchase or construction and development of industrial and other properties, including shopping centers and apartment and office buildings. **Proceeds** — Primarily for real estate investment. **Office**—2205 First National Bank Bldg., Minneapolis, Minn. **Underwriter** — First Western Corp., of Minneapolis, Minn.

Western Publishing Co., Inc. (7/25-29)
June 17, 1960 filed 362,114 shares of common stock (par $1,) of which 150,000 shares are to be offered for the issuer, and the remaining 212,114 shares are outstanding and will be offered for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For the general funds for general corporate purposes, including plant improvement and additional equipment. **Office**—1220 Mound Ave., Racine, Wis. **Underwriter**—Goldman, Sachs & Co. of New York City. **Note**—This company was formerly called the Western Printing and Lithographing Co.

● **Whitmoyer Laboratories, Inc. (8/8-12)**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

● **Willer Color Television System, Inc. (8/1-5)**
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

Yardney Electric Corp.
July 11, 1960 filed 254,000 shares of outstanding common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company is principally engaged in the development, design, manufacture and sale of silver-zinc primary and rechargeable batteries. **Office**—New York City. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in late August.

● **Yuscaran Mining Co.**
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None. **Note**—The SEC has challenged the accuracy and adequacy of this statement. A hearing is scheduled for July 27.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

Alexander's Department Stores, Inc.
July 6 it was reported that this Bronx (N. Y.)-based retail chain is contemplating an issue of common stock. No confirmation was available.

★ **American Telephone & Telegraph Co. (10/25)**
July 20, 1960, the directors authorized a new debenture bond issue of $250,000,000. **Proceeds** — For improvement and expansion of Bell Telephone services. **Office**—195 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., and The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly).

Arkansas Power & Light Co.
June 20, 1960, it was announced that this subsidiary of Middle South Utilities, Inc. might issue $15,000,000 of first mortgage bonds in December. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

Bekins Van & Storage Co.
July 6 it was reported that this company is contemplating a common stock issue. **Office** — 1335 So. Figuroa Street, Los Angeles 15, Calif.

Brooklyn Union Gas Co.
May 10 it was announced that the company plans no more financing this year, but there would be some in 1961, although the form it is to take has not as yet been determined.

Columbia Gas System, Inc. (10/6)
June 13, 1960, it was reported that the company plans to sell $30,000,000 of debentures. **Proceeds** — For construction. **Office**—120 E. 41st St., New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; Shields & Co.; R. W. Pressprich & Co. and Carl M. Loeb, Rhoades & Co., all of New York City. **Bids**—Expected to be received on Oct. 6.

Columbus & Southern Ohio Electric Co.
June 13, 1960, it was reported that this utility plans the sale of about 200,000 shares of common stock to raise approximately $8-$9,000,000, with the timing set for the last quarter of this year, sometime after the November elections. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio.

Consolidated Edison Co.
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

Consumers Power Co.
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year, perhaps in October. **Proceeds**—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter**—To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc.

Custom Craft Industries
July 13, 1960 it was reported that the company plans a regulation "A" filing sometime in mid-August. **Proceeds**—For general corporate purposes. **Office**—Miami, Fla. **Underwriter** — Plymouth Securities Corp., New York City.

Florida Power & Light Co.
June 1 it was announced that the company anticipates further financing in the fall of 1960 approximating $25,000,000 of an as yet undetermined type of security, and estimates that in 1961 it will require approximately $50,000,000 of new money. This company on May 31 floated a 400,000 common share offering through Merrill Lynch, Pierce, Fenner & Smith Inc. and associates at a price of $59.125 per share.

Florida Power Corp. (10/20)
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility. **Proceeds**—For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly). **Information Meeting**—Scheduled for Oct. 17 at 11:00 a.m. at Morgan Guaranty Trust Co. **Bids**—Expected to be received on Oct. 20.

★ Food Plus Inc.
July 20, 1960, it was reported that this company is readying its first public offering. No confirmation was available from the company. **Office**—62 W. 45th Street, New York City.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Hallicrafters Co.
July 7, 1960, it was reported that this company is contemplating the issuance and sale of approximately 300,000 shares of its common stock. **Business**—Electronics manufacturer. **Office**—Chicago, Ill. **Underwriter**—Paine Webber, Jackson & Curtis, New York. **Registration**—Expected sometime in September.

Hawaiian Electric Co., Ltd.
June 22, 1960, it was reported that this company is planning to issue some type of additional securities, perhaps during the third quarter of this year. It may possibly take the form of a $5,000,000 preferred stock offering, and a $4,500,000 issue of common stock to be issued on a rights basis. **Office**—900 Richards St., Honolulu, Hawaii.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990 sometime in the fall. **Proceeds**—For capital expenditures, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Indianapolis Power & Light Co. (9/27)
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 at 11:00 a.m., at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

★ Industrial Timer Corp.
July 19, 1960, it was reported that registration of 65,000 to 80,000 shares of common stock is imminent. **Office**—Newark, N. J. **Underwriters**—G. H. Walker & Co., and C. E. Unterberg Towbin Co., both of New York City.

International Mining Corp.
It was announced June 1, 1960 in the 1959 Annual Report of International Mining Corp. that the corporation intends to issue $10,830,000 of 7% secured serial notes in connection with its merger with Canton Co. of Baltimore, which will be the name of the surviving corporation. It is expected that the notes will be issued shortly at par, and will mature at the rates of $1,000,000 annually for one to three years, $500,000 annually for four to nine years, and $4,830,000 the 10th year after the merger. **Office**—535 Fifth Avenue, New York City. **Underwriter**—None.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

Iowa-Illinois Gas & Electric Co.
June 23, 1960, it was announced that the company's sale of $15,000,000 of first mortgage bonds in April of this year will carry it through the better part of 1960. The company plans some bank borrowing before the end of the year and expects to be in market again sometime in 1961, probably also for senior debt securities.

K.V.P. Sutherland Paper Co.
May 11 it was reported that a secondary offering of common stock is presently being discussed. **Proceeds**—To selling stockholders. **Underwriter** — Lehman Brothers, New York.

Laclede Gas Co.
May 10 it was announced that in addition to the $15,000,000 of new capital provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

Long Island Lighting Co.
June 13, 1960, it was reported that the company is discussing the sale of approximately $20-$30,000,000 of debt financing, probably to occur sometime this Fall. **Proceeds**—For construction. **Office** — 250 Old Country Road, Mineola, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Smith, Barney & Co. and First Boston Corp., all of New York City.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

★ Louisville & Nashville RR. (8/9)
July 18, 1960, it was reported that the Road plans to sell $7,530,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—Expected to be received on Aug. 9.

★ Merrimack Essex Electric Co.
July 19, 1960, it was reported that this subsidiary of the New England Electric System plans to sell $10,000,000 of preferred stock sometime in the late fall. **Office**—Salem, Mass. **Underwriter** — To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities Co. (jointly); First Boston Corp.

• Michigan Bell Telephone Co. (8/16)
May 23 it was announced that the company plans to come to market in August for the sale of $35,000,000 of debentures. **Proceeds**—For construction, costs of which are currently about $103,000,000 per year. **Office**—Detroit, Mich. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Mohawk Insurance Co.
March 16, 1960, it was announced that the company expects to register its first public offering imminently. The offering will consist of 75,000 common shares. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York City.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder **Underwriter**—Van Alstyne, Noel & Co., New York.

New York Telephone Co. (9/28)
June 22, 1960, the board of directors of this company authorized the issuance of an additional series of mortgage bonds in the amount of $60,000,000 and common stock in the amount of $120,000,000, subject to the approval of the New York Public Service Commission. **Proceeds**—To retire short-term bank borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.. **Bids**—Expected to be received on or about Wednesday, Sept. 28. **Note** — The stock will be sold to the American Telephone & Telegraph Co. on or about Oct. 1, under preemptive rights.

Northern Pacific Ry. (8/24)
July 11, 1960, it was reported that the Road plans to offer $6,270,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—Expected to be received on Aug. 24.

Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillion, Union Securities & Co. (jointly). **Bids**—Expected to be received by Dec. 6.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

Pacific Lighting Corp.
May 11 it was announced that this company, in order to finance additional pipeline distribution systems, plans to sell $30,000,000 of first mortgage bonds and $20,000,000 of preferred stock later this year.

Pacific Power & Light Co. (9/21)
June 13, 1960, it was reported that this utility plans the sale of $20,000,000 of 30-year first mortgage bonds. **Proceeds** — To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be used to partially finance the 1960-61 construction program, which is expected to total $61,000,000. **Office**—Portland, Ore. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids** — Expected to be received on Sept. 21 at 12 noon.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co., both of New York.

Philadelphia Aquarium Co.
June 15, 1960, it was reported that the company plans to sell about $2,000,000 of debentures and common stock to finance an aquarium in Fairmont Park, Philadelphia, which would be city-owned and company-operated under a lease. **Underwriter**—Stroud & Co., Inc. of Philadelphia, Pa. and New York.

Pik-Quik Inc.
June 29, 1960, it was reported that the company is contemplating the filing of 550,000 shares of common stock sometime in July. **Proceeds**—For acquisitions in Florida. **Office**—Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., New York.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

• Public Service Electric & Gas Co. (9/20)
May 18 directors of this company took preliminary steps for the sale of $50,000,000 in first and refunding mortgage bonds with a maturity of not more than 30 years. **Proceeds** — To pay all or part of company's short-term indebtedness incurred for construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly). **Bids**—Expected to be received on Sept. 20 up to 11 a.m., in Newark, N. J. **Information Meeting**—Scheduled for Sept. 15 at 2:30 p.m. at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

★ Republic Steel Corp. (7/25-29)
July 20 it was reported that registration is expected next week of $125,000,000 of straight debentures. **Proceeds**—For capital improvements leading to cost reduction, and for expansion of capacity. **Office**—Cleveland, Ohio. **Underwriters**—First Boston Corp. (managing), and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York City.

Ritter Co., Inc.
July 6 it was reported that this company plans to consolidate some $2,500,000 of funded debt, possibly through a private placement, pursuant to which a bond issue may be expected. **Underwriter**—Lehman Brothers, New York City.

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**

Continued on page 36

Continued from page 35

—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

Rochester Telephone Co. (9/21)
June 24, 1960, this public utility petitioned the New York State Public Service Commission for permission to issue and sell $12,000,000 of series "E" first mortgage bonds, which will mature in 33 years, on Sept. 1, 1993. **Proceeds**—The proceeds of this sale would be used to repay bank loans for construction and extension of facilities in service by the date of the proposed sale. **Underwriter**—To be determined by competitive bidding. Probable bidders: First Boston Corp., and Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on Sept. 21, 1960.

San Diego Gas & Electric Co. (10/4)
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on Oct. 4.

Scantlin Electronics, Inc.
June 13, 1960, it was reported that the filing of about $2,000,000 of common stock is being discussed, and may occur sometime soon. The company is currently market-testing a new electronic table-top stock quotation board. **Office**—Los Angeles, Calif. **Underwriters**—Carl M. Loeb, Rhoades & Co. and Paine, Webber, Jackson & Curtis (jointly).

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

Seaboard Air Line RR. (7/27)
Bids will be received on July 27 by the company for the purchase from it of $3,030,000 of railroad equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

Southern Nevada Power Co.
June 15, 1960, it was reported that in order to meet $8,300,000 of property expenditures scheduled for 1960, the company has arranged a $6,000,000 revolving bank credit. It will borrow about $5,100,000 under this agreement by October, at which time it expects to sell about $5,500,000 of bonds and $3,000,000 of an undetermined type of stock, with preferred being considered, possibly with rights to purchase common shares at specified prices. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. Eastman Dillon, Union Securities & Co. and Kidder, Peabody & Co. (jointly); White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the Fall. May 13 it was announced that about $50,000,000 of additional revenue bonds will be offered in the Spring of 1961. The type of bond issued will depend on market conditions. **Proceeds**—To finance construction of new generating capacity. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., First National City Bank of New York, Equitable Securities Corp. and Smith, Barney & Co. (jointly); First Boston Corp., Lazard Freres & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Chase Manhattan Bank and Morgan Guaranty Trust Co. of N. Y. (jointly); and Blyth & Co. and J. C. Bradford & Co. (jointly).

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co. (10/19)
March 16, 1960, it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of approximately $50,000,000 of 30-year first mortgage bonds. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co. (handling the books), Eastman Dillon, Union Securities & Co. and Bear, Stearns & Co. (jointly). **Bids**—Expected to be received on Oct. 19 up to 11 a.m. EDT. **Information Meeting**—Oct. 17 at 3:00 p.m. at the Bankers Trust Co.

Utah Power & Light Co. (9/14)
June 1 it was reported $16 million of first mtge. bonds and $10 million (400,000 shares) of $25 preferred stock will be sold. **Proceeds**—For construction purposes and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co. **Bids**—Expected to be received on Sept. 14. **Information Meeting**—Scheduled for Sept. 12 at 2 Rector St., New York City.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13. **Information Meeting**—Scheduled for Sept. 8 at 11:00 a.m. N. Y. time, at The Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

★ Vitramon, Inc.
July 19, 1960, it was reported that this Trumbull, Conn. capacitor manufacturer plans a common stock issue of about 100,000 common shares early in August. **Underwriter**—G. H. Walker & Co., New York City.

Waldbaum, Inc.
May 11 it was reported that public financing is being contemplated by this supermarket chain. No confirmation was obtainable. **Office**—2300 Linden Blvd., Brooklyn, New York.

West Ohio Gas Co.
June 24, 1960, it was announced that the company anticipates, that in order to carry out its 1960 construction program it will consummate long-term financing during the year to provide additional funds in the approximate sum of $400,000.

★ Whippany Paper Board Co.
July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock in September. **Underwriter**—Van Alstyne, Noel & Co., New York City.

Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **Office**—132 East New England Ave., Winter Park, Fla.

★ Zurn Industries, Inc.
July 19, 1960, it was reported that 250,000 shares is expected to be filed shortly for the accounts of the company and selling stockholders. **Business**—The manufacture of mechanical power transmission equipment, fluid control devices, and building plumbing drainage products. **Proceeds**—For general corporate purposes. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp. of New York City.

Sutro Offers Espey Stock

Sutro Bros. & Co. is offering today (July 21) 80,000 shares of the common stock of Espey Mfg. & Electronics Corp. at $12.50 per share.

Net proceeds from the sale of the shares will be used by the company to expand its operations into the semiconductor manufacturing field; to repay current bank loans and to discharge its outstanding 6% debentures in the principal amount of $25,200, plus accrued interest of about $9,000. Balance of the proceeds will be added to the working capital of the company.

Espey Mfg. & Electronics, with its executive offices and plant at Saratoga Springs, N. Y., is engaged in the design and manufacture of electronic components and electromechanical devices. The company's major products are specialized electronic power supplies and various types of transformers and other iron-core components which are used in missiles, computers, radar, sonar, navigation equipment, and mobile and airborne communication equipment and systems.

Upon completion of the current financing, outstanding capitalization of the company will consist of 235,721 shares of common stock out of a total authorized issue of 750,000 shares.

For the seven months ended Jan. 31, 1960, the company had net sales of $2,239,520 and net income of $104,082, equal to 67 cents per common share.

With White, Weld Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William J. Donovan has become associated with White, Weld & Co., 523 West Sixth Street. He was formerly with Hemphill, Noyes & Co.

With H. Hentz Co.

BOCA RATON, Fla. — Frank J. Leahy has become associated with H. Hentz & Co., 151 North Ocean Boulevard as registered representative.

Now Shell Associates

BROOKLYN, N. Y. — The firm name of Sheldon Paul Hurwitz Associates, 601 Albany Avenue, has been changed to Shell Associates, Inc.

Now Olson Securities

(Special to The Financial Chronicle)

FERGUS FALLS, Minn. — Olson Securities Company has been formed to continue the investment business of W. R. Olson Company, 127 South Mill Street.

Lee Higginson Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Richard E. McCowan has been added to the staff of Lee Higginson Corporation, 50 Federal Street. He was previously with H. P. Wood & Co.

With Eisele, Raynor

OMAHA, Neb. — Laird B. Fisher has become associated with Eisele, Raynor & Redelfs, Inc., First National Bank Building. He was formerly with Burns, Potter & Co.

Courses for Registered Reps.

Courses to qualify employees of New York Stock Exchange member firms as registered representatives will be given this September for the first time at New York University, Boston University and the Wharton School of the University of Pennsylvania, it is announced.

Keith Funston, President of the Exchange, said in his quarterly report that the courses are similar to Exchange-recognized instruction now given only at the New York Institute of Finance, City College of New York, Northwestern University in Chicago and the University of California in Los Angeles.

The courses include intensive study of security analysis, investment techniques, brokerage office procedures and the function of organized securities markets. Faculty members will give the courses, with representatives of the securities industry acting as guest lecturers on active operating techniques.

Persons successfully completing these courses need not take the examination required by the Exchange for registration of a member firm employee who will handle the public's business. This educational requirement is one of a number the Exchange insists on for registered representatives.

In the last two years, the Exchange has encouraged expansion of the number of institutions where Exchange-accredited courses are available.

Boston University will offer a one-semester, 80-hour course running from September 27 through mid-February, from 3 to 5:30 p.m. each Tuesday and Thursday afternoon. In charge of the courts will be Professor Van Dyke Burhans Jr. of the faculty of the College of Business Administration. Inquiries should be directed to James F. Baker, director of the BU Division of Continuing Education.

Arrangements were made by an Exchange committee that includes Horace W. Frost of Tucker, Anthony & R. L. Day, Chairman; Richard Morgan of Estabrook & Co.; Frederick S. Moseley III of F. S. Moseley & Co.; Raymond J. Laude of Goodbody & Co.; Henry Hornblower of Hornblower & Weeks; James Jackson Jr. of White, Weld & Co.; John D. Young of Lee Higginson Corporation; and Arthur Pivirotta of Hayden, Stone & Co.

Wharton School will offer a one-semester, 80-hour course two days a week from 4 to 6 p.m. starting in mid-September. Inquiries should be directed to William R. Hockenberry, Director of the Evening School of Accounts and Finance, the Wharton School, University of Pennsylvania, Philadelphia, Pa.

Members of the Exchange's arrangement committee in Philadelphia are Frank L. Newburger Jr. of Newburger & Co., Chairman; C. Newbold Taylor of W. H. Newbold's Son & Co.; and Lawrence M. Stevens of Hemphill, Noyes & Co.

At New York University, instruction will be given in three separate evening courses, starting with the fall term in September. In charge of the course will be Professors Douglas H. Bellemore and Julian G. Buckley. Inquiries should be directed to Dean Joseph H. Taggart of the Graduate School of Business Administration, 100 Trinity Place, New York 6, N. Y.

Joins Schirmer, Atherton

(Special to The Financial Chronicle)

BOSTON, Mass.—Edward F. Marshall has joined the staff of Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. Mr. Marshall formerly was with W. F. Rutter, Inc.

Two With Yates, Heitner

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John J. Bergmann and Joseph J. Warnick have become associated with Yates, Heitner & Woods, Paul Brown Building, members of the New York Stock Exchange. Mr. Bergmann was formerly with Edward D. Jones & Co. Mr. Warnick was with B. C. Christopher & Co.

Wm. J. Mericka Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio — C. Ernest Perrin has been added to the staff of Wm. J. Mericka & Co., Inc., Union Commerce Building, members of the Midwest Stock Exchange.

With Ohio Company

COLUMBUS, Ohio — Robert S. Meeder has been added to the staff of The Ohio Company, 51 North High Street.

OBSERVATIONS...

Continued from page 4

following actual transcript* of his fullest remarks made here on the subject.

Q. You've been critical here of the Federal Reserve Program. Would you curtail their independence?

Kennedy: No, but I think the President and they could work closely together. I don't think there's any doubt about it. He has the influence and economic policy through the Treasury, the Council of Economic Advisers, his own public statements, his party in Congress, and I have no doubt that any new Democratic President will find the Federal Reserve pursuing a somewhat different policy.

Q. Do you believe that unless the President did control the Federal Reserve Board he could guarantee easier money and lower interest rates?

Kennedy: No, I don't suggest you change the independence of the Federal Reserve Board, but what I do suggest with a new President the Federal Reserve Board would pursue a definite policy.

Q. But you wouldn't put it under the Treasury Department or make any change?

Kennedy: No, in its present constitutional and legal arrangement I would not, but you have to remember the President has great influence.

Our "Net" Conclusion

From extended discussions with Senator Kennedy's aides here, and consistent with his own above-cited remarks on the question as well as the legalities: we conclude that the result expectable from the Democratic Nominee's election is a *compromise* of the Board's degree of independence somewhere between, on the one hand, the substantial amount it has been enjoying (exhibited under President Truman in his joust with former Chairman McCabe, and in his assent to the Treasury-Reserve "Accord"), and, on the other hand, the lesser degree of independence vouchsafed to the Securities and Exchange Commission over the past 25 years.

* * *

ADLAI AND WILMA

Is the political convention analogous to the company meeting? Our answer arrived at after the goings-on here in Convention Hall (an arena customarily devoted to cattle auctions, horse shows, and ice hockey) is *yes and no*.

Here are some the similarities:

(1) Like the domination, vocal and physical, by the exhuberant Wilma Soss and her cohorts in the Federation of Women Shareholders, over the prelimaries at stockholders' meetings, the Stevenson supporters (led by Eleanor Roosevelt of the distaff side) out-demonstrated and outspoke all others at this foregathering, 15-1; but, again similarly, when the *votes* were counted they found themselves on the short-end, 30-1. Likewise, the Southern delegates' protestations against "management's" civil rights proposal went on and on—to a vote, *viva voce*, for the proposition exactly as submitted by "the directors."

(2) Like the presiding modern corporate officer, who in these days of Madison Avenue coaching manages to greet that formerly exasperating 10-share filibusterer with urbane politeness and the sweet smile; Convention Chairman Collins similarly (excepting at the time of the Stevenson mob's wanton wasting of millions of dollars worth of TV time) managed to retain his temper vis-a-vis the noisy floor demonstraters and interrupters.

(3) *The Favorite Son.* As an illustrative coincidence, Governor Pat Brown has solo played this role in both fields. Before, during and after his discharge of this statesmanlike obligation to the State of California, his approval of the corporate cumulative voting obligation has been keeping him also retained as the *Favorite Son* of champion Lewis Gilbert's constituency of minority stockholders.

And here are some of the *differences* between stockholder and political conventions.

(1) In direct contrast to the fraudulent statements flowing from the political arena, is the regard for truth and the real facts followed by corporate officials — with this difference even more striking in the case of communication pre- and post-"Arena" (probity by the corporate managers being additionally guaranteed by statute).

(2) Whereas Mrs. Soss plumps for closed-circuit television coverage of her and her co-owners' meetings at company expense, as one of her chief *causes celebres*; the TV coverage here and at Chicago is a super-network affair, and sold for tens of millions of income.

(3) *The Favorite Bum*, endemic to the stockholders' Meeting. This refers to such management individuals, in the eyes of Wilma, as the male squatters excluding women from the Board of Directors; the Gilbertian "pilferers" of excessive management pay, et al.

* * *

BEATNIK CENSUS

Disclosed to all Convention auditors — although perhaps not immediately realized—was a most valuable population statistic. We now know that the total number of the nation's *beatniks*—at least those aged 21 and over (voting age)—is still negligible. The evidence: "In fact, the only rugged individualists left in America are the billionaires and the beatniks. The former have so much they needn't worry and the latter have nothing to lose but their beards" (from the speech of Mrs. Katie Louchheim, Vice Chairman Democratic National Committee in charge of Women's activities, before the Convention, July 11, 1960).

In any event the poor beatniks are now reduced to a new low!

* * *

LOCAL INVESTMENT OBSERVATIONS

A bit of on-the-spot scrutiny out here of Wall Street's recent discovery—the savings and loan *industry* as constituted by the California holding companies, certainly confirms *growthmanship*. And the *quantitative* record and prospective expansion of volume seem to be still not too excessively capitalizing per-share earnings.

At the same time, it strikes us that the industry may be facing some unpleasantness in the way of growing-pains so often incurred in the course of an industry's long-term boom.

For example, one outgrowth of the tremendously increasing competition for the public's deposits to fuel the attractive operation, is the rising pressure towards bank-to-bank switching. In this scramble for deposits, the wooed depositor as reward for transferring his account, can do his or her shopping *gratis* for needed flatware, kitchen utensils, transistor radios, and trading stamps.

Such bonuses to the switcher in this field, as dictated by the nature of the business, is in contrast to the penalty, in at least the partial loss of his "load" incurred by the transferring open-end mutual fund holder, and to the presumed stand-off involved in policy-to-policy flight by the insurance policy holder.

In any event, some important aspects of the business, now entailing considerable confusion, should be clarified for both investors and depositors. These include the actual impact on the net *distributable* earnings figure of the amount of tax exemption conferred on the income segment which must be devoted to statutory reserves; and also regarding the real nature and conditions of the guarantee afforded to depositors.

Local Champion

As a post-script to our reference made in the above, and also in our dispatch of last week. to California Governor Brown's esposal of *cumulative voting* (proportional representation), we learn that much of the credit is due the State Director of Corporations, John Sobiesky, a direct descendant of a reigning Polish king. The California statute forbids any California - domiciled corporation from selling its shares unless they provide cumulative voting. Additionally, under a Sobiesky ruling, non-state domiciled corporations wishing to sell "non-cumulative" shares here, must include a legend disclosing that cumulative voting is not provided for, and that this means that 51% of the outstanding stock can elect all the directors, with the 49% electing none.

In at least one case the California companies boss has gone a step further. In the case of Western Airlines, he enjoined the sale of additional stock because the company, a Delaware corporation, has abandoned its initial pre-cumulative provision. However, Mr. Sobiesky's "desist order" was restrained by the lower courts, and is still in litigation.

*From "Meet The Press" (unedited), the NBC radio and TV Program. The questioner in this excerpt is Lawrence E. Spivak, the program's producer.

Service Instrument Stock Offered

Pearson, Murphy & Co., Inc. is offering today (July 21) 150,000 shares of Service Instrument Corporation's common stock at a price of $2 per share.

Net proceeds from the sale of the common shares will be used by the company for the purchase of machinery and equipment; relocation of plant and equipment; research and development; sales promotion; inventory; materials; branch and service offices outside of New York; and working capital for general business.

The corporation, with offices in New York City, is the successor to the business of Morris Cowan, its controlling stockholder, President and Director, carried on since 1951 under the name of Cowan Engineering Co. and was organized primarily for the purpose of acquiring, further developing and commercially exploiting the patent application, inventions, processes and devices of Cowan Engineering Co.

Service Instrument Corp. is engaged in the design, manufacture and distribution of special instruments in the electronics and medical fields and in the manufacture, as subcontractor, of jet engine and aircraft parts. One of the products now manufactured and distributed by the company is a recently developed closed circuit communication and alarm system known as "Silent Alarm System." Engineered to protect banking and other commercial institutions against robbery, the system does not involve the use of bells, photography or telephone communication to police but permits the immediate alerting of bank guards and officials by a silent coded signal. The system has been installed, tested and leased by 12 branch banks in the New York City area.

Upon completion of the current financing, outstanding capitalization of the company will consist of 339,545 shares of common stock.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

That Little Bit Extra Pays Dividends

People are aware of the man who thinks of them and who shows an interest in their welfare. There is no better way to build good-will and to keep it than to show by your actions that you are a person that is willing to do a favor for a friend, or a client, that is sometimes slightly beyond the "call of duty."

This Is Salesmanship Too

During the past week, in addition to talking with clients, advising on purchases and sales, and recommending investments, here are just a few items that went over my desk. I am sure there is nothing unusual in this, and that other securities men with an active clientele are as busy doing these little favors as I have been.

Client A sold some securities and left the city. He called me on long distance to ask if I would see to it that instead of mailing him a check that we make payment to one of the banks where he does business. He spelled out the proceeds of the sale, added the additional sum he owed the bank, and stated he would send a check to my firm for this amount. He also asked us to pick up some securities that were at the bank as collateral that would be released upon payment made by my firm. Then we were to put these securities in a safe-keeping account for him until he returned. I explained that he should spell this out in a letter to the bank and to us and specifically dictated the letter to him over the telephone. He gave me the name of the party at the bank that our cashier was to contact. His letter of instructions arrived the next day addressed to me. It was processed and followed up by my cashiering department. **He also received a reply from me that I had received his letter and that we were following his instructions.**

My acknowledgement that I sent to him took only about five minutes of my time. My secretary wrote him a brief note which I initialed. But that is not the point: I doubt if the other firms with whom he also does business would do this. This man is a big trader when in the right frame of mind. He is difficult to deal with, and he has his idiosyncrasies, but the account is worthwhile. This is just one way to go a little farther than your competition in giving service.

Client B was on a vacation in his home town. While visiting one of his old friends he was asked if he could obtain some information regarding a small, publicly owned, business that was located in the city where we both lived. He said he thought he could do so and promptly thought of me. He asked me if I could find out something about this company and I told him I would try. I obtained his friend's name and address and went to work.

There was nothing in the statistical services, but there was such a company in the telephone book. I spoke with one of the officers; obtained considerable information and the promise to send a financial statement for the past six months to the stockholder. This company had issued stock just a few months ago and there was a quoted over-the-counter market in it which I obtained for the customer's friend. A copy of the letter was sent to my customer the day after this request for information was received. When my customer received it, he telephoned me and was very grateful. He told me that he didn't think he could get this information and certainly not within a few days. I told him that I was like him in one respect that if I promised to do something I would at least try my best to do it, otherwise I wouldn't make the promise in the first place.

Another client wanted two prospectuses of recent security issues in which my firm did not participate. I obtained them from the underwriters and sent them to him.

Another call came from an out-of-town client whom I had not heard from in six months. He gave me three orders and said, "When you were in my town a few months ago you were nice enough to telephone me and ask how I was, even though I had done no business with you in a long while. Now I have some business for you and I want you to know that I also think of the people who think of me."

All during the week I received inquiries for information from friends and clients. One man had a large real estate deal pending and he wanted the explanation for a certain item on a financial statement of a particular company. He didn't want to show his interest so he asked me to do it for him. I obtained the explanation and gave it to him. Another call was related to the Dow Jones averages and a client wished to know what the high of the Dow Jones Industrials was in January 1958. This information was also obtained and passed along.

I don't write this to appear immodest—it just happens that I can speak from experience that the men who are consistently producing business day after day and who are retaining the good-will of their customers are doing something else in addition to selling—they are working for and with their clients. Those who go a bit farther in giving service never regret it.

P. S. Most people are appreciative. Those who are not, and who are congenital time wasters, of course, deserve no consideration at all.

With Gaston-Buffington

(Special to The Financial Chronicle)

ATLANTA, Ga. — Charles M. Rankin has been added to the staff of Gaston-Buffington-Waller, Inc., William-Oliver Building.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Jack W. Webber has been added to the staff of Dempsey-Tegeler & Co., 114 South Ninth Street. He was formerly with the First National Bank of Minneapolis.

Elected Director

Wilton L. Jaffee, Jr., partner in Jaffee & Co., Members of the New York Stock Exchange, has been elected a director of United Improvement & Investing Corp., it is announced by Jerome Katz, chairman of United Improvement.

Now With Quinn Co.

(Special to The Financial Chronicle)

DENVER, Colo. — Mrs. Minnie Enger has joined the staff of Quinn & Co., American National Bank Building. Mrs. Enger was formerly with Russell Investment Company and Carroll & Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	July 23	§54.6	*51.8	61.0	12.9
Equivalent to—					
Steel ingots and castings (net tons)	July 23	§1,566,000	*1,476,000	1,739,000	365,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 8	6,831,210	6,811,260	6,780,960	6,802,425
Crude runs to stills—daily average (bbls.)	July 8	¶8,280,000	8,295,000	7,836,000	7,836,000
Gasoline output (bbls.)	July 8	30,677,000	29,929,000	28,939,000	28,434,000
Kerosene output (bbls.)	July 8	2,685,000	2,557,000	2,605,000	1,644,000
Distillate fuel oil output (bbls.)	July 8	13,051,000	12,959,000	12,443,000	11,457,000
Residual fuel oil output (bbls.)	July 8	6,046,000	5,988,000	5,749,000	6,466,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 8	201,302,000	201,716,000	207,935,000	192,752,000
Kerosene (bbls.) at	July 8	28,755,000	27,549,000	25,788,000	28,494,000
Distillate fuel oil (bbls.) at	July 8	116,730,000	111,722,000	101,123,000	125,818,000
Residual fuel oil (bbls.) at	July 8	42,679,000	41,239,000	40,394,000	54,349,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 9	456,330	549,416	648,463	552,313
Revenue freight received from connections (no. of cars)	July 9	399,367	493,046	523,235	455,071
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 14	$601,100,000	$518,700,000	$583,200,000	$446,600,000
Private construction	July 14	304,800,000	250,900,000	370,900,000	228,100,000
Public construction	July 14	296,300,000	267,800,000	212,300,000	218,500,000
State and municipal	July 14	228,400,000	179,500,000	180,400,000	139,100,000
Federal	July 14	67,900,000	88,300,000	31,900,000	79,400,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 9	1,265,000	*1,855,000	8,800,000	1,556,000
Pennsylvania anthracite (tons)	July 9	41,000	68,000	355,000	47,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 9	109	*126	144	126
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 16	14,208,000	13,031,000	14,053,000	13,415,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 14	258	271	353	242
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 12	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	July 12	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	July 12	$31.17	$31.00	$31.50	$39.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 13	32.600c	32.600c	32.600c	30.700c
Export refinery at	July 13	31.675c	30.975c	30.100c	25.575c
Lead (New York) at	July 13	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	July 13	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	July 13	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	July 13	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	July 13	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	July 13	102.750c	102.625c	101.250c	102.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 19	87.75	86.98	86.57	84.06
Average corporate	July 19	85.59	85.20	85.07	85.85
Aaa	July 19	90.06	89.78	89.64	89.23
Aa	July 19	87.99	87.72	87.59	87.59
A	July 19	85.07	84.94	84.81	85.46
Baa	July 19	79.72	79.01	79.01	81.29
Railroad Group	July 19	83.53	83.15	83.03	84.94
Public Utilities Group	July 19	85.98	85.59	85.33	85.07
Industrials Group	July 19	87.32	86.91	86.91	87.59
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 19	3.76	3.84	3.89	4.07
Average corporate	July 19	4.74	4.77	4.78	4.72
Aaa	July 19	4.41	4.43	4.44	4.47
Aa	July 19	4.56	4.58	4.59	4.59
A	July 19	4.78	4.79	4.80	4.75
Baa	July 19	5.21	5.27	5.27	5.08
Railroad Group	July 19	4.90	4.93	4.94	4.79
Public Utilities Group	July 19	4.71	4.74	4.76	4.78
Industrials Group	July 19	4.61	4.64	4.64	4.59
MOODY'S COMMODITY INDEX	July 19	375.0	376.7	376.1	382.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 9	182,700	317,772	328,895	255,670
Production (tons)	July 9	174,810	308,618	327,206	180,359
Percentage of activity	July 9	50	90	96	56
Unfilled orders (tons) at end of period	July 9	449,939	450,185	482,631	567,234
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	July 15	109.37	109.97	110.23	110.91
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	June 24	3,030,790	2,912,540	2,480,310	2,346,590
Short sales	June 24	612,800	618,890	490,050	335,610
Other sales	June 24	2,350,990	2,201,840	2,023,480	1,944,660
Total sales	June 24	2,963,790	2,820,730	2,513,530	2,280,270
Other transactions initiated off the floor—					
Total purchases	June 24	614,670	437,770	431,930	407,240
Short sales	June 24	82,400	117,000	53,600	45,300
Other sales	June 24	463,820	370,750	364,150	355,600
Total sales	June 24	546,220	487,750	417,750	400,900
Other transactions initiated on the floor—					
Total purchases	June 24	896,918	780,025	823,821	729,618
Short sales	June 24	130,730	113,750	135,210	115,890
Other sales	June 24	961,143	690,895	752,697	713,250
Total sales	June 24	1,091,873	804,645	887,907	829,140
Total round-lot transactions for account of members—					
Total purchases	June 24	4,542,378	4,130,335	3,736,061	3,483,448
Short sales	June 24	825,930	849,640	678,860	496,800
Other sales	June 24	3,775,953	3,263,485	3,140,327	3,013,510
Total sales	June 24	4,601,883	4,113,125	3,819,187	3,510,310
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	June 24	1,949,788	2,056,780	1,812,704	1,653,714
Dollar value	June 24	$95,863,360	$105,240,348	$92,972,593	$90,089,463
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 24	1,988,507	1,936,738	1,712,895	1,537,468
Customers' short sales	June 24	7,100	7,874	10,090	7,682
Customers' other sales	June 24	1,981,407	1,928,864	1,702,805	1,529,786
Dollar value	June 24	$91,059,280	$91,492,427	$83,897,433	$77,071,580
Round-lot sales by dealers—					
Number of shares—Total sales	June 24	600,200	556,820	514,540	436,710
Short sales	June 24	------	------	------	------
Other sales	June 24	600,200	556,820	514,540	436,710
Round-lot purchases by dealers— Number of shares	June 24	570,920	670,970	607,840	564,070
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	June 24	914,900	924,740	826,340	582,950
Other sales	June 24	18,262,700	17,511,080	15,672,170	14,804,890
Total sales	June 24	19,177,600	18,435,820	16,498,510	15,387,840
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 12	119.6	119.5	119.6	119.4
Farm products	July 12	88.8	88.0	89.2	88.6
Processed foods	July 12	108.1	107.6	107.6	107.5
Meats	July 12	98.0	96.9	97.1	99.8
All commodities other than farm and foods	July 12	128.3	128.4	128.3	128.2

*Revised figure. ¶Includes 1,024,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of June	7,394,000	8,830,472	10,907,634
Shipments of steel products (net tons)—Month of May	6,272,432	6,700,000	8,754,119
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of June (000's omitted)	$250,837,000	$232,953,000	$228,601,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of June 30:			
Imports	$375,468,000	$351,759,000	$255,568,000
Exports	500,910,000	473,795,000	327,084,000
Domestic shipments	16,842,000	13,094,000	13,725,000
Domestic warehouse credits	74,390,000	51,451,000	19,498,000
Dollar exchange	93,875,000	86,950,000	111,350,000
Based on goods stored and shipped between foreign countries	320,514,000	286,415,000	255,849,000
Total	$1,381,999,000	$1,263,464,000	$983,074,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of May:			
New England	$25,014,047	$35,552,642	$32,349,706
Middle Atlantic	118,206,939	124,775,904	105,212,859
South Atlantic	62,786,697	54,062,196	64,795,834
East Central	173,179,788	122,321,213	108,183,722
South Central	99,401,141	96,459,843	94,933,186
West Central	35,507,015	37,989,972	38,262,741
Mountain	30,999,176	32,553,802	30,136,505
Pacific	124,765,963	156,918,524	120,448,504
Total United States	$669,860,766	$660,634,096	$594,323,057
New York City	82,781,385	81,002,065	65,865,346
Total outside N. Y. C.	$587,079,381	$579,632,031	$528,457,711
COAL EXPORTS (BUREAU OF MINES)—Month of May:			
U. S. exports of Pennsylvania anthracite (net tons)	59,625	110,117	157,634
To North and Central America (net tons)	55,920	100,502	120,180
To Europe (net tons)	------	3,421	28,554
To South America (net tons)	------	509	3,076
To Asia (net tons)	3,705	5,685	5,824
COPPER INSTITUTE—For month of June:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	111,929	*118,129	110,771
Refined (tons of 2,000 pounds)	161,073	147,050	138,403
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	106,207	108,266	150,117
Refined copper stocks at end of period (tons of 2,000 pounds)	87,667	65,328	85,674
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—Crop as of July 1 (in thousands):			
Corn, all (bushels)	4,079,151	------	4,361,170
Wheat, all (bushels)	1,347,468	1,271,310	1,128,151
Winter (bushels)	1,090,017	1,019,282	923,449
All spring (bushels)	257,451	252,028	204,702
Durum (bushels)	34,291	------	20,682
Other spring (bushels)	223,160	------	184,020
Oats (bushels)	1,140,497	------	1,073,982
Barley (bushels)	426,508	------	420,191
Rye (bushels)	29,621	------	21,495
Flaxseed (bushels)	32,209	------	22,709
Rice (100 lb. bag)	53,099	------	53,122
Hay, all (ton)	115,689	------	112,764
Hay, wild (ton)	10,528	------	8,911
Hay, alfalfa (ton)	66,589	------	64,739
Hay, clover and timothy (ton)	22,260	------	22,128
Hay, lespedeza (ton)	4,020	------	4,377
Beans, dry edible (cleaned) (100 lb. bag)	17,296	------	18,212
Peas, dry field (100 lb. bag)	3,304	------	4,375
Potatoes:			
Winter (cwt)	3,114	3,014	4,005
Early spring (cwt)	3,287	3,287	3,144
Late spring (cwt)	28,212	26,995	23,558
Early summer (cwt)	14,956	14,461	14,277
Late summer (cwt)	31,792	------	33,519
Sweetpotatoes (cwt)	14,749	------	18,703
Tobacco (pounds)	1,842,999	------	1,797,087
Sugarcane for sugar and seed (ton)	7,744	------	7,318
Sugar beets (ton)	16,705	------	17,015
Hops (pounds)	46,205	------	53,600
Apples, commercial crop (bushels)	106,870	------	121,787
Peaches (bushels)	73,239	76,809	74,339
Pears (bushels)	28,281	28,431	30,191
Grapes (ton)	3,142	------	3,139
Cherries (ton)	117	199	215
Apricots (ton)	223	223	230
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of June (1947-49=100)	61.2	61.3	64.5
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of June:			
Industrials (125)	3.39	3.47	3.09
Railroads (25)	5.55	5.70	4.29
Utilities (not incl. Amer. Tel. & Tel.) (214)	3.73	3.97	4.05
Banks (15)	3.98	3.87	3.77
Insurance (10)	2.98	2.97	2.71
Average (200)	3.52	3.60	3.28
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of June	£55,645,000	£52,546,000	£20,763,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of May:			
Production (barrels)	31,832,000	27,015,000	33,428,000
Shipments from mills (barrels)	30,185,000	27,341,000	32,992,000
Stocks at end of month (barrels)	40,085,000	*38,721,000	36,527,000
Capacity used (per cent)	88	80	96
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of June 30	$286,470,602	$289,499,974	$284,816,926
General funds balance	3,004,740	7,510,814	5,350,391
Net debt	$278,465,862	$281,989,160	$279,466,535
Computed annual rate	3.297%	3.327%	2.867%
U. S. GOVT. STATUTORY DEBT LIMITATION—As of June 30 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$290,000,000
Outstanding—			
Total gross public debt	286,330,760	289,366,525	284,705,907
Guaranteed obligations not owned by the Treasury	139,841	133,449	111,019
Total gross public debt and guaranteed obligations	$286,470,602	$289,499,974	$284,816,926
Deduct—Other outstanding public debt obligations not subject to debt limitation	405,638	406,533	418,452
Grand total outstanding	$286,064,964	$289,093,441	$284,398,474
Balance face amount of obligations issuable under above authority	8,935,035	5,906,588	5,601,525

STATE OF TRADE AND INDUSTRY

Continued from page 5

auto models, the outlook for big steel users is far from encouraging, the magazine says.

To compound recent delays in automotive steel orders, steelmen are now concerned over the impact of the small cars on steel tonnage. The four small cars introduced during the 1960 model year may have resulted in better auto sales by stimulating the market.

But with four more small cars coming in 1961, the 800-lb. loss of steel in a compact compared with a conventional car will have an impact on overall steel consumption by the auto industry.

As the market continues to bump along at a low rate of orders (probably not strong enough to sustain a 50% operating rate), there are some indications of a firmer tone.

For one thing, steel users with low inventories are trying to line up mill commitments without actually placing orders. Apparently low inventory is the policy of many companies, but they are trying to safeguard their mill position without actually placing orders.

Secondly, the turn of events in Cuba, Africa, and elsewhere in world politics can result in stepped up orders. With the world situation uncertain, many users may feel more comfortable with bigger stocks of steel.

Among the products, galvanized and tinplate remain strong, although not up to what they were two months ago. In the Midwest particularly, heavy structurals are holding up better than most products, because of heavy highway construction in that area.

Commenting on steel prices, the magazine says the industry's pricing system is standing up in what is turning out to be the toughest test since World War II.

There is no weakening of prices for standard mill products. Base prices are firm and there is no significant waiving of extras.

However, the slump has pretty well swept away price reforms at the warehouse level and at the mill-to-warehouse level. Allowances to distributors of many products have been restored to a great extent and jobber schedules are back on the old basis.

In the carbon steel warehouse field, warehouses have put through base price reductions on standard items and the quantity charge system has been modified to reduce prices of small orders.

This Week's Steel Output Based On 54.6% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *96.9% of steel capacity for the week, beginning July 18, equivalent to 1,556,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of 91.9% and 1,476,000 tons in the week beginning July 11.

Actual output for last week beginning July 11, 1960 was equal to *51.8% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity is 54.6%.

A month ago the operating rate (based on 1947-49 weekly production) was *108.3% and production 1,739,000 tons. A year ago the actual weekly production was placed at 365,000 tons, or *22.7%.

*Index of production is based on average weekly production for 1947-49.

Car Output Up 16% Despite Enforced Idleness of Ford Plants

Chrysler Corp. closed out 1960 model year output in the week ended July 16 at its second passenger car assembly plant, *Ward's Automotive Reports* said.

Production of Plymouth and Dodge Dart cars halted July 12 at Los Angeles. Chrysler was the first auto company to start model changeover schedules — the last Imperial was built June 30.

Meantime, *Ward's* pointed out that U. S. car volume swelled 16% in the July 16 week, even though 16 Ford Motor Co. plants were idled by two strikes.

An estimated 104,164 cars were assembled compared with 89,769 last week which had one less work day due to the July 4 holiday. In the same week last year, 127,502 cars were built.

Ward's said General Motors share of the week's output was 63.4%, while Chrysler Corp. accounted for 20.0%, American Motors, 11.1% and Ford Motor Co., 5.5%. No cars were made this week by Studebaker-Packard.

The statistical agency traced the drop-off in Ford Motor Co. production to a Cleveland stamping plant walkout and a Wayne (Mich.) plant strike.

However, since the stamping plant dispute was settled on July 15, Ford expects to boost compact car output to its normal level, *Ward's* said.

Only five Comets were built in the week under review, compared with 2,970 Falcons and Comets last week.

For the rest of the industry, most plants worked five days. Rambler, however, planned a six-day schedule. Four plants were down for inventory adjustment and two facilities were on vacation.

Ward's said truck output rose 28% over the previous week. Total volume was 19.240 vs. 15,038. Two truck Chevrolet plants were down July 15 for inventory adjustment, while Studebaker was off all week for the same reason. Autocar Division of White Motor was on vacation.

Car Loadings Off 17.4% From 1959 Week

Loading of revenue freight for the week ended July 9, 1960, totaled 456,330 cars, the *Association of American Railroads* announced. This was a decrease of 95,983 cars or 17.4% below the corresponding week in 1959 and a decrease of 35,236 cars or 7.2% below the corresponding week in 1958. Comparisons are affected by the Independence Day Holiday which fell in the current 1960 week but not in the corresponding weeks of 1959 or 1958.

Loadings in the week of July 9, which also included the second week of the coal miners' annual vacation, were 93,086 cars or 16.9% below the preceding week.

There were 11,696 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended July 2, 1960 (which were included in that week's over-all total). This was an increase of 3,276 cars or 38.9% above the corresponding week of 1959 and 7,319 cars or 167.1% above the 1958 week. Comparisons are distorted by the Independence Day Holiday which fell on Saturday in the corresponding 1959 week and on Friday in the 1958 week.

Cumulative piggyback loadings for the first 26 weeks of 1960 totaled 276,435 for an increase of 73,116 cars or 36% above the corresponding period of 1959, and 151,492 cars or 121.2% above the corresponding period in 1958. There were 53 Class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

Intercity Truck Tonnage 17.7% Below 1959 Week

Intercity truck tonnage in the week ended July 9, was 17.7% below the volume in the corresponding week of 1959, the *American Trucking Associations, Inc.,* announced. Truck tonnage was also 22.1% behind that of the previous week of this year.

These tonnage decreases were largely due to the Independence Day Holiday which occurred on Monday of the reported week this year as opposed to the preceding Saturday a year ago. A number of terminals also indicated that the beginning of the vacation season from some shippers also cut into volume. The week-to-week decrease is in line with the seasonal decline experienced in previous years for which comparable data is available.

Electric Output 5.9% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday July 16, was estimated at 14,208,000,000 kwh., according to the Edison Electric Institute. Output was 1,177,000,000 kwh. above that of the previous week's total of 13,031,000,000 kwh. and showed a gain of 793,000,000 kwh., or 5.9% above that of the comparable 1959 week.

Lumber Shipments 3.2% Above Production for Week Ended July 9

Lumber shipments of 449 mills reporting to the *National Lumber Trade Barometer* were 3.2% above production during the holiday week ended July 9, 1960. In the same week, new orders of these mills were 24.5% above production. Unfilled orders of reporting mills amounted to 29% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 16 days' production at the current rate, and gross stocks were equivalent to 51 days' production.

For the year-to-date, shipments of reporting identical mills were 3.3% below production; new orders were 5.9% below production.

Compared with the previous full week ended July 2, 1960, production of reporting mills was 35.5% below; shipments were 42.5% below; new orders were 21.6% below. Compared with the corresponding full week in 1959, production of reporting mills was 31.1% below; shipments were 27.0% below; and new orders were 18.9% below.

* * *

Business Failures Continue Down

Commercial and industrial failures, declining for the fourth consecutive week, were down to 258 in the week ended July 14 from 271 in the preceding week, reported Dun & Bradstreet, Inc. However, casualties remained above last year's toll of 242 in the similar week, although they fell short of the 1958 level of 279. Some 5% fewer businesses failed than in the comparable week of prewar 1939 when 272 occurred.

Failures with liabilities of $5,000 or more dipped to 236 from 239 in the previous week, but exceeded the 222 of this size a year ago. Liabilities ran above $100,000 for 34 of the week's casualties —a mild rise from 29 in the preceding week.

Wholesale Food Price Index Rises for Second Week in a Row

For the second time in a row the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rose fractionally from the prior week, but it remained below that of the corresponding period last year. On July 12, it stood at $5.92, up 0.3% from the prior week's $5.90, but 1.3% below the $6.00 of a year ago.

Higher in wholesale price this week were corn, bellies, sugar, eggs, and steers. On the downside were flour, wheat, rye, oats, beef, lard, coffee, cottonseed oil, and cocoa.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Lowest in Over Ten Years

The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., declined on Monday, July 18, to 269.73 (1930-32=100), the lowest level since the 269.04 of July 1, 1950. The current index compared with 270.15 a week earlier and 276.14 on the corresponding date a year ago. The decline was due to lower prices on grains, coffee, hogs, cotton and rubber, which offset slight increases in lard, steers, and steel scrap.

Although wheat offerings were light in most markets, buying was sluggish and prices fell fractionally from the preceding week. Improved crop prospects discouraged trading in rye and prices were down fractionally.

Prices on the New York Cotton Exchange were steady to fractionally lower than a week earlier.

Hot Weather and Promotions Boost Retail Trade

More hot weather and continued reduced-price Summer sales promotions stimulated consumer buying in the week ended this Wednesday, and overall retail trade was up moderately from last year. The most appreciable year-to-year gains were in men's and women's Summer apparel, outdoor furniture, and air conditioners. Less noticeable gains occurred in new passenger cars and Fall apparel interest in floor coverings and draperies remained close to last year.

The total dollar volume of retail trade in the week ended July 13 was 1 to 5% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Mountain +4 to +8; East North Central +3 to +7; Middle Atlantic and East South Central +2 to +6; New England and West North Central +1 to +5; West South Central 0 to +4; South Atlantic —1 to +3; Pacific Coast —2 to +2.

Nationwide Department Store Sales Down 13% July 9 Week

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended July 9, 1960, show a decrease of 13% below the like period last year. In the preceding week for July 2, an increase of 16% was reported. For the four weeks ended July 9, a 2% increase was registered over the same period in 1959 while the Jan. 1 to July 9 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended July 9 a 10% decrease was reported over the like period last year. In the preceding week ended July 2, sales were 24% over the like period last year. For the four weeks ending July 9 a 9% increase was reported over the 1959 period, and from Jan. 1 to July 9 showed a 6% increase over 1959.

Form VIP Programs

V. I. P. Programs, Inc. has been formed with offices at 111 Fifth Avenue, New York City, to engage in a securities business. Arthur Goldblum is President.

Zimmerman Forms Co.

SPRINGFIELD, Mass.—Milton J. Zimmerman is engaging in a securities business from offices at 47 Gorman Lane under the firm name of Milton J. Zimmerman & Co.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—A landowner cannot get rich quick growing trees, but there is money to be made in growing trees as a long range proposition. The United States Forest Service thinks so, and so do more and more small land owners. There are also risks, such as fire, involved.

The Forest Service says a record high of more than two billion trees were planted in our country in 1959, primarily as a result of a tremendous increase in planting on private lands. A total of 2,118,471 acres were planted. Tree planting on privately owned land jumped from 1,326,,370 acres in 1958 to 1,884,-071 in 1959.

Secretary of Agriculture Ezra Taft Benson and other officials, Federal and State, are delighted at the increase in planting. Tree farming is sweeping the country. It has become a hobby with many people. Just a few weeks ago the 50 millionth acre was certified into the American tree farm system.

Pearl Buck, the distinguished American author, for instance, has the distinction of being Vermont's tree farmer No. 53. George Sokolsky, the syndicated columnist, is one of almost 17,-000 property owners in this country displaying the sign of the tree farmer. There are bankers in many communities in Michigan, and Oregon and Washington, for example that are growing trees for money and recreation.

Unlike the situation at the turn of the century, the great bulk of the timberland is no longer owned by the great paper companies and wood-using industries. Lawyers, widows and clerks are buying land, usually in small tracts, to grow trees.

There are so many trees being grown in the United States today that some people are now questioning whether or not too many are being grown for future profit to the owners.

Future Timber Needs

A new Department of Agriculture publication, *Look to Your Timber, America*, points up this country's needs of future timber resources. They are tremendous. Furthermore, as it has been pointed out many times in an overworked phrase, trees don't grow overnight.

The booklet of the Forest Service says that by 1975 there will be 215 million people, and by the year 2000, only 40 years from now, there will be between 275 and 360 million people living in our country as compared with nearly 180 million now. That means the country will have to double the growth of the nation's sawtimber from today's' 47 billion board feet to 105 billion board feet to meet timber needs.

The 16-page booklet now being issued by the Forest Service, Department of Agriculture, is based on a 700-page report prepared by the Service in 1958 in collaboration with state foresters, state agencies and forest industries, etc., in 1958.

"I hope everyone reads this 16-page booklet, especially land owners," said Richard E. McCardle, chief of the Forest Service. "They should become acquainted with the situation we face. It is a challenge to all American people—one I'm sure we can meet if we start now to intensify forest practices. We have the land and we have the know-how.

"'The key to adequate future timber supplies lies with small land owners such as farmers, businessmen, retired people, and the like, who own most of the commercial forest lands. Industry and public lands cannot alone meet anticipated demands. Furthermore, we can't expect to import much timber; the countries growing it will use it."

World Congress to Convene

Nearly all the countries of the world are taking more and more interest in their forests. Nearly 2,000 foresters from about 50 foreign countries will assemble on the campus of the University of Washington at Seattle from Aug. 20 to Sept. 10 for a World Forestry Congress. These visitors coming to our country help to grow, through their leadership, the world's trees. Some of them are internationally famous in the world of forestry.

The Fifth World Congress, the first ever held in the Western Hemisphere, will cover all major fields of forestry and forest product utilization. Marked attention will be devoted to the problems of multiple use of forest lands for the intergrated production of timber, forage, water, wildlife and recreation.

Congress just a few weeks ago passed and President Eisenhower signed into law the multiple use bill involving our natural forest lands in this country. The American Forestry Association and the U. S. Forest Service regarded the law as one of the most important pieces of forestry legislation passed in 50 years. No one thing such as wildlife, fishing or recreation, would have priority over the other under this law.

The need for more trees for income comes at a time when paper uses of nearly every description are increasing each year. Packaging in this country, for example, has grown into a huge industry. Paper is the foremost packaging material, followed by metal containers, glass bottles and jars, and plastic products. Packaging does more than just wrap, it must help to sell.

The paper industry is expanding in all parts of the country. The Department of Commerce reports that world newsprint productive capacity is continuing to run ahead of demand, but the demand is expected to continue to increase.

New Plants Opening

Trade circles within the past few months have reported numerous expansions. This is because paper products are being used at an accelerated rate. The Buckeye Cellulose Corporation mill at Foley, Fla., is the scene of a multi-million dollar expansion program. The Foley mill produces 260,000 tons a year of dissolving and bleached kraft pulps. Construction of the first paper and pulp mill in Arizona to cost more than $32 million to build and equip is ready to begin. Southwest Forest Industries, Inc., will build the plant near Snowflake in the east central part of Arizona.

The Fibreboard Paper Products Corporation has embarked on a three-year $30 million redevelopment program. The timberland holdings of the American Can Company were increased by the acquisition of 125,000 acres of fine timberlands in South Alabama. The Crystal Tissue Company of Middletown, Ohio, has launched the biggest capital improvement program in history.

Ground breaking ceremonies were held recently for the Simpson-Lee Paper Company's $8 million plant in the Ripon area of California. St. Regis Paper Company next spring will build a substantial plywood plant at Libby, Mont. The Flintkote Company, a major producer of corrugated containers and building products, announced plans for a multi-million dollar container plant to be built at Magnolia, Miss.

These are just a few industry expansion plans that have been announced in the past few weeks or months. It all points up to the need for more and more trees. Of course, the use of more and more hardwoods by various paper industry companies will help the needs for the decades ahead.

Economic Data

A record high of about 36 million tons of paper and board production, about 6% above 1959, is expected to be established this year. Pulpwood receipts and consumption will also be about 6% higher this year than in 1959.

Small woodlands are held by more than 3 million farmers and 1 million non-farm owners. No other land use or crop directly affects the welfare of more land owners, according to True D. Morse, Under Secretary of Agriculture. Small wood lands adds up to big business in the United States.

The pulp, paper and paperboard industry, whose expanding export business amounted to $337 million in 1959, is confident this trade will continue to grow providing freer access to foreign markets is obtained.

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

"I'd have a bit more faith in this company if the prospectus wasn't printed in Latin."

COMING EVENTS

IN INVESTMENT FIELD

Aug. 12, 1960 (Detroit, Mich.)
Basis Club annual summer outing at the St. Clair Inn and Country Club, St. Clair, Mich.

Aug. 18-19, 1960 (Denver, Colo.)
Bond Club of Denver annual "Summer Frolic" at the Columbine Country Club.

Sept. 9-11, 1960 (Portland, Oreg.)
Pacific Northwest Group of Investment Bankers Association annual meeting at the Sheraton-Portland.

Sept. 11-14, 1960 (Sun Valley, Idaho)
National Security Traders Association Annual Convention.

Sept. 12-13, 1960
Association of Stock Exchange Firms meeting of the Board of Governors at the Statler-Hilton Hotel, Hartford, Conn.

Sept. 12-13, 1960 (Denver, Colo.)
Rocky Mountain Group of Investment Bankers Association meeting.

Sept. 15-16, 1960 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktails and dinner Sept. 15 at Queen City Club; field day Sept. 16 at Kenwood Country Club.

Sept. 21-23, 1960 (Santa Barbara, Calif.)
Board of Governors of Investment Bankers Association fall meeting.

Sept. 23, 1960 (Philadelphia, Pa.)
The Bond Club of Philadelphia 35th Annual Field Day at the Huntington Valley Country Club, Abington, Pa.

Oct. 5, 1960 (New York City)
New York group of Investment Bankers Association of America annual dinner at the Waldorf-Astoria.

Oct. 10-13, 1960 (Pasadena, Calif.)
National Association of Bank Women 38th annual convention at the Huntington-Sheraton Hotel.

Oct. 11, 1960 (Detroit, Mich.)
Michigan Group of Investment Bankers Association meeting.

Oct. 12, 1960 (Cleveland, Ohio)
Northern Ohio Group of Investment Bankers Association meeting.

Oct. 13, 1960 (Cincinnati, Ohio)
Ohio Valley Group of Investment Bankers Association meeting.

October 15, 1960 (New York City)
Security Traders Association of New York annual Fall Dinner Dance in the Grand Ballroom of the Biltmore Hotel.

Oct. 28-29, 1960 (Detroit, Mich.)
National Association of Investment Clubs 10th anniversary convention at the Sheraton-Cadillac Hotel.

Oct. 28-30, 1960 Hot Springs, Va.)
Southeastern Group of Investment Bankers Association meeting.

Nov. 3-4, 1960 (Miami, Fla.)
Florida Security Dealers Association annual convention at the Key Biscayne Hotel.

Nov. 10, 1960 (Minneapolis, Minn.)
Minnesota Group of Investment Bankers Association meeting.

Nov. 17-18, 1960 (Chicago, Ill.)
American Bankers Association 29th Mid-Continent Trust Conference at the Drake Hotel.

Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

Named Director

The election of Roy C. Breaux as a director of Mayfair Industries, Inc. has been announced by W. H. Goff, president. Mr. Breaux is a general partner in the investment banking firm of Kohlmeyer & Company, members of the New York Stock Exchange.